EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,623 Tuesday August 23 1988 D 8523 A

JAPAN
Asia test for new foreign policy
Page 22

World News

Navy man killed by N Ireland car bomb

A man believed to be a Royal Navy recruitment officer was killed in an IRA car bomb attack in Northern Ireland as Ulster Secretary Tom King was discussing improved security *following Saturday's coach* bombing which left eight soldiers dead.

*Mrs Margaret Thatcher, Brit*ish Prime Minister, has not ruled out the return of internment without trial of suspected terrorists.

New Pretoria ban

The South African authorities banned the End Conscription Campaign, a white dissident group, from "carrying on or performing any activities or acts whatsoever." It was the 19th anti-apartheid organisation to receive such treatment in a renewed clampdown on dissident activities this year. Page 22

Zia guards held

Fifty-five members of an army unit which guarded Gen Zia's aircraft immediately before its ill-fated flight have been held for questioning, along with several air force personnel who serviced the plane. More than 700 people have been interrogated so far.

Burma erupts again

Lawyers and doctors joined renewed protests in Rangoon, Mandalay and other Burmese cities against *the* 26-year-old socialist Government, following the appointment of Maung Maung to lead the ruling Burma Socialist Programme Party on Friday. Page 3

Burundi toll mounts

Army helicopters and armoured cars reportedly hunted down peasants fleeing from continuing tribal massacres in the central African state of Burundi. The death toll is estimated in the tens of thousands. Page 2

Korea talks stalled

Talks between North and South Korean parliamentarians on the North's threatened boycott of next month's Olympic games and a non-aggression pact ended in deadlock. Page 3

Cypriots to meet

Turkish-Cypriot leader Rauf Denktash and Greek-Cypriot President George Vassiliou arrived in Geneva for two days of UN-sponsored peace talks. Background, Page 2

Serbs plan protests

Serbs and Montenegrins in Yugoslavia's ethnically-torn Kosovo province announced plans to protest against alleged persecution by Albanian nationalists. Yugoslavia's sick economy, Page 2

US terror league

The US State Department named Afghanistan responsible for 127 out of 189 acts of state-sponsored terrorism in 1987. It was followed by Iran and Libya. Page 4

Australian reshuffle

Australian Prime Minister Bob Hawke reshuffled his Cabinet following last week's resignation by Foreign Minister Bill Hayden to take up the post of Governor General. Page 3

West Bank curfew

Israeli troops shot and wounded nine Palestinians and placed Nablus, the largest Arab city in the West Bank, under curfew during a general strike in the occupied territories. Islamic protest, Page 3

Business Summary

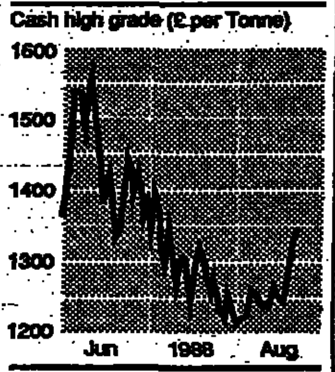
Bond Corp profits more than treble to A$402.6m

BOND CORPORATION, Perth-based company of Mr Alan Bond's multinational business empire, surprised analysts by reporting after-tax profits of A$402.6m (US$327m), more than treble the A$128.2m recorded in the 12 months to June 1987. Page 23

WICKES Companies, leading US automotive products, wall coverings and fabrics manufacturer, has agreed to be taken private in a leveraged buyout led by its chairman, for $12 a share or $478.2m. Page 23

COPPER PRICES on the London Metal Exchange were buoyed by sterling's weakness. The cash grade A position

Copper
Cash high grade (£ per Tonne)



reached a six-week high of £1,349.50 a tonne, adding £33.50 to last week's £46.50 advance. Commodities, Page 38

BAT INDUSTRIES, tobacco-based multinational, extended until Wednesday night the deadline for its $72 per share increased offer for Farmers Group, US insurer. Page 23

IMPERIAL Chemical Industries, Britain's biggest chemicals company, plans to spend £300m ($510m) a year in the 1990s on investments related to bulk-materials production, a 50 per cent increase on the current figure. Page 6

IRISH DISTILLERS, Irish whiskey producer, rejected a takeover offer of I£253m ($358.7m) from Grand Metropolitan, UK drinks group. Page 27

SAGA PETROLEUM, Norwegian oil independent, suffered a steep fall in first-half pre-tax profits to NKr62m ($9m) from NKr253m last year, due to lower oil prices and a reduction in net financial income. Page 25

BANCA COMMERCIALE ITALIANA (BCI), Italian bank, and Iri, its parent company, were urgently studying the implications of unexpected intervention by the US Federal Reserve Board in BCI's attempt to acquire control of Irving Trust of New York. Page 23

UNITED PAPER Mills, Finnish forest products group, reported that group turnover for the *first half* rose 14 per cent to FM2.89bn ($650m) while profit before taxes climbed 52 per cent to FM367m. Page 25

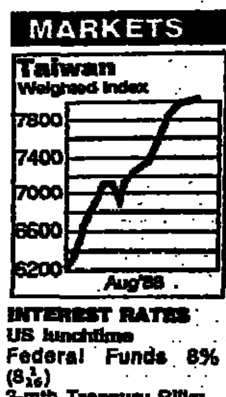
HONGKONG Aircraft Engineering Company (Haeco), aircraft maintenance subsidiary of Swire Pacific, reported a 37 per cent rise in profits to HK$116.3m (US$15m) for the first half. Page 26

MIM HOLDINGS, Brisbane-based resources group, said that net profits more than quadrupled to A$172.9m (US$140m) from A$39.6m last year. Page 26

WEST GERMANY'S money supply growth slowed last month, but remained above the target range set for this year. M3, the broad monetary aggregate, rose in July at an adjusted annual rate of 6.7 per cent, compared with 7.4 per cent in June. Page 2

MARKETS

Taiwan
Weighted Index



INTEREST RATES
US lunchtime
Federal Funds 8% ($8\frac{1}{16}$)
3-mth Treasury Bills: yield: 7.272% (7.25)
Long Bond: $97\frac{1}{32}$ ($97\frac{1}{4}$)
yield: 9.415% (9.4)
London
3-month interbank close $11\frac{3}{16}$ ($11\frac{1}{8}$)

STERLING
New York close
$1.6860 (1.6965)
London:
$1.6765 (1.702)
DM3.2175 (3.22)
FFr10.9050 (10.9175)
SFr2.7025 (2.7075)
Y224.75 (227.25)

DOLLAR
New York close
DM1.9060 (1.8975)
FFr6.4615 (6.4335)
SFr1.60145 (1.5965)
Y133.675 (133.65)
London:
DM1.919 (1.892)
FFr6.5050 (6.415)
SFr1.6115 (1.5915)
Y134.05 (133.45)

GOLD
New York close
Comex Dec
$443.2 (441.4)

STOCK INDICES
New York close
Dow Jones Ind. Av.
1,990.22 (−25.78)
S&P Comp
256.98 (−3.26)
London:
FT-SE 100
1,832.3 (−12)
World:
125.75(Fri)
Tokyo close
Nikkei Ave
28,079.18 (−130.24)
Frankfurt
Commerzbank
1,467.8 (+0.7)

OIL
Brent 15-day (Argus)
$15.15 (+1.55)
West Tex Crude
$15.825 (+0.15)

Warsaw moves to quell strikes

By Our Foreign Staff

THE POLISH authorities last night moved to quell the growing waves of strikes thoroughout the country and announced that they had empowered local authorities to impose curfews in)three regions hit by strikes. The announcement was made on state television by General Cezeslaw Kiszczak, the Interior Minister.

Earlier yesterday police stormed tram and bus depots occupied by strikers in the *north western city of Szczecin* and surrounded at least 10 striking mines in the Katowice region of southern Poland, and the Lenin shipyard in Gdansk.

The move appeared to signal a decision by the authorities to take firm action in the face of a swelling wave of strikes by workers demanding official recognition of Solidarity, the outlawed independent trade union.

The unrest, in which tens of thousands of workers have been idled, yesterday, spread to Warsaw. Earlier, Mr Lech Walesa, leader of Solidarity, joined several hundred workers in the Lenin shipyard who went on strike in sympathy with more than 10,000 striking coal miners in southern Poland. Riot police quickly sealed off the shipyard.

State radio said work was disrupted at the big Huta Warszawa steelworks in the capital. Talks were under way with strikers. The radio said there had been attempts by about 80 workers to call a strike at the Ursus tractor factory in Warsaw but the other workers did not respond to the calls.

In Szczecin, witnesses said police took arrested strikers away in vehicles.

Mr Walesa's entry into the widening confrontation with the Government was the most significant development in eight days of growing labour unrest.

Demands for the reinstatement of Solidarity, which posed a serious threat to the authority of the Polish Government in 1980 and 1981 and created anxiety in the Kremlin, *represent another test for the* leadership of General Wojciech Jaruzelski.

Polish political observers said a crackdown by Gen Jaruzelski on the strikers would eliminate his last hope of establishing a dialogue with large segments of the disaffected population.

A further ominous sign for Gen Jaruzelski was a strike begun yesterday by nearly 2,000 workers in the Stalowa Wola steel mill south of Warsaw which employs 18,000.

The strikes, fuelled by demands for wage rises as well as the legalisation of Solidarity, are widely believed in Poland to be more volatile and dangerous for the Government than those earlier this year.

As riot police sealed off the Gdansk shipyard, striking *workers marched through the* yard with Solidarity banners and chanted.

Mr Walesa said he did not want to be chairman of the strike committee but would join his fellow striking workers. He also took part in the strikes last April and May which were quashed by the authorities.

Solidarity leader Lech Walesa addressing a rally

North Sea oil groups will be required to raise safety standards

By Steven Butler in London

OIL COMPANIES operating in the North Sea could face hundreds of millions of pounds in extra costs as a result of British Government moves this week to tighten safety standards.

The action is a result of the explosion last month that destroyed the Piper Alpha oil platform, killing 167 people.

Ministers are putting final touches on a directive that will require oil companies to submit plans to modify their offshore installations.

This could force the industry to fit existing platforms with underwater emergency shut-off valves on pipelines.

Britain's Department of Energy said the document was likely to to be issued tomorrow.

The failure of an emergency shut-off valve on board the Piper Alpha platform is now suspected to have been a significant contributing factor to the severity of the explosions and fire that ripped the platform apart on July 6, causing much of it to topple into the sea.

It is now believed that, after an *initial explosion at a* gas compressor on the platform, compressed gas in the 30-mile-long export pipeline to the Frigg gas line came rushing back to Piper Alpha, supplying a massive amount of explosive fuel to the fire on the platform.

Experts say that oil and gas present on the platform at the time of the initial explosion was insufficient to explain the severity of the disaster.

Occidental Petroleum, which operates the Piper field, said yesterday it could not confirm whether a safety valve had been knocked out by the initial explosion on the platform, or had otherwise failed, and that this was under investigation by a technical team from the Department of Energy.

An alternate theory is that the initial explosion led to a rupture of gas pipelines, which ran some 15 feet beneath the compressor module, on the downstream side of the valves.

Occidental has announced that it will install subsea (underwater) shutoff valves as an added safety measure for its Claymore platform, which is of similar design to Piper Alpha.

Such valves would be designed to close automatically in the event of an incident on board a platform and would be far enough away to be unaffected by fires or explosions.

The major oil companies, however, disagree about whether reliable technology is *currently available for retrofit*ting existing installations with subsea valves.

This would require divers to cut existing pipelines and flood them with water while valves were installed. Each such operation would require millions of pounds for installation and lost production.

Valves currently in use also require frequent maintenance, which would be impractical on the seabed. Some companies argue that careful placement of valves on board platforms provides adequate safety.

The Department of Energy directive is therefore expected merely to require North Sea operators to examine current safety shutoff systems and to *submit reports about possible* modifications in the light of what happpened at Piper Alpha.

However, if some companies move ahead with workable subsea schemes, the Department of Energy could decide to encourage or mandate wider use of the technology.

The directive this week is to be the first interim report from the department's technical inquiry into the causes of the Piper Alpha disaster.

A final report is expected to be ready in late September, although this may not be released directly to the public, but rather to the public disaster inquiry headed by Lord Cullen at Aberdeen.

The public inquiry is likely to start in October but could take a year before issuing any final report with broader safety recommendations for the industry.

Englishmen raise glass to all-day drinking

By FT reporters in London

BRITONS stayed in their pubs yesterday, or at least more of them did for more of the day.

This was because of a historic change in legislation, made after much heart searching in the highest councils of the land, that pubs (bars to the uninitiated) may now stay open all day.

The last time most Englishmen were able to down a pint and play darts in a public house at 3:30 in the afternoon, Queen Elizabeth's grandfather was on the throne and Britain was fighting a war to end all wars.

Since World War One, however, most pubs have had to bar their bars to drinkers between three and five in the afternoon. The law was aimed at keeping munitions workers sober.

What it did, modern-day critics say, was to keep the population parched for no good reason and send tourists into a non-alcoholic stupor, wondering why they could not get a drink in the middle of the day.

Prime Minister Margaret Thatcher agreed. If there was to be freedom of choice in industry, there should be similar freedoms in Britain's pubs declared the ruling Conservative party's election manifesto soberly.

In response to fears that Britain would lurch into an orgy of drunken absenteeism the Government responded:

Continued on Page 22

Central banks fail to keep lid on lively dollar

By Simon Holberton, Economics Staff, in London

THE DOLLAR yesterday brushed aside another round of concerted central bank intervention, closing higher in London and prompting speculation of further rises in European interest rates.

Frequent bouts of central bank intervention succeeded in knocking the US currency off its highs of the day, but it was not enough to change the market's generally positive view of the US currency over the medium term.

Throughout the day, currency markets tested key levels for the dollar and for the yen against the D-Mark. By the London close, the dollar had firmed more than 2½ pfennigs, while the yen straddled Y70 to DM1. Most central banks in Europe, including the Bundesbank, the West German central bank, and the Bank of England, together with the US Federal Reserve, were involved in the attempt to stem the dollar's rise.

The US currency is seen by market operators to be well supported by the current level of US interest rates and by an apparent division in the ranks of the G7 major industrialised countries over the operation of the Louvre Accord.

Analysts believe the US presidential elections in November are also acting as a constraint on G7 policy co-ordination and this is positive for the dollar over the medium-term.

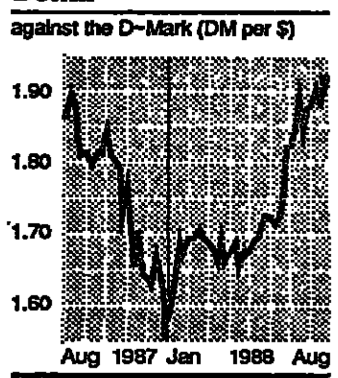
But monetary officials in London and continental Europe cautioned the currency markets against complacency. The UK Treasury reaffirmed the Louvre Accord, which it said was alive and functioning. The Treasuries and central banks of the G7 were in close communication, it said.

In continental Europe, monetary officials hinted that the recent co-ordinated intervention, which they conceded were more public demonstrations of intent rather than a large-scale selling of dollar, might be a prelude to a much more concerted move on the US currency.

Analysts said that the recent forays of central banks into currency markets had not been very aggressive. They interpret the current US and G7 policy as simply holding the line until Mr George Bush, the Republi-

Continued on Page 22

Dollar
against the D-Mark (DM per $)



Bush withdraws Quayle from front line of election campaign

By Lionel Barber in Washington

VICE-PRESIDENT George Bush has been forced to withdraw his chosen running-mate, Senator Dan Quayle, from the campaign front line because of the controversy still swirling about his military service during the Vietnam war.

As Mr Bush delivered a speech to the Veterans of Foreign Wars convention in Chicago and strongly supported his running-mate, Mr Quayle underwent coaching sessions in Washington devoted to explaining why he used wealthy family connections to gain a place in the National Guard rather than fight in the Vietnam war.

Mr Bush delivered a passionate defence of Mr Quayle. "True he didn't go to Vietnam, but his unit wasn't sent," he said. "Dan Quayle served in the National Guard, signing up in a unit that had vacancies at the time, and now he is under shrill partisan attack ... he served honourably."

Senior Bush campaign officials continued to insist that they intended to ride out the storm over Mr Quayle, barring any new embarrassing revelations. The 41-year-old Indiana Senator, a surprise choice on the Republican *ticket*, is expected to return to the campaign trail tomorrow on his own.

Mr Quayle stepped into a fresh controversy yesterday, however, when he appeared on breakfast television shows and admitted that he was a mediocre "proverbial C-plus student" in college. But he denied that his family pulled strings to get him into law school.

Mr Bush's decision to appoint a little-known and inexperienced running mate is considered to be a blunder which will continue to haunt his campaign for weeks. As Mr James Reston, the veteran New York Times commentator wrote yesterday: "His (Bush's) judgment is now an issue more than ever – not whether this bird from Indiana can fly or whether he dodged the Vietnam draft but whether Bush would pick the best available people to help govern the country."

Senator Robert Dole of Kansas, who was considered a strong choice as a running mate for Mr Bush, kept the controversy alive saying that Mr Quayle's presence on the ticket was hurting the Vice-President.

Senator Dole, himself a war hero, said: "I must tell you, in my generation, you knew who was in the Guard and who was in uniform fighting for their country."

Other political commentators said that the inevitable rash of stories about Mr Quayle and his past would obscure Mr Bush's best efforts to get his message across to voters. This is doubly infuriating for the Vice-President who appears to have bounced ahead of his Democratic rival Governor Michael Dukakis of Massachusetts in the latest opinion polls.

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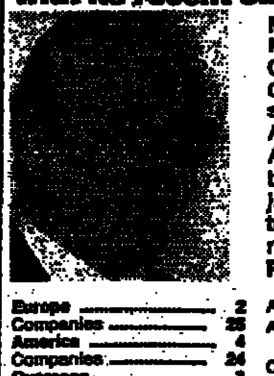
The UN has grown in stature with its recent successes



Much credit is due to Mr Javier Perez de Cuellar, UN Secretary-General, for recent successes in the Gulf, Afghanistan and Angola. The world body, however, may *just be rationalising* the concept of might is right
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EUROPEAN NEWS

Soviet co-operatives take off in a big way

By John Lloyd in Moscow

THE SOVIET co-operative movement, which put down tentative roots some two years ago, is growing explosively, according to the first official figures.

It is also now able to pay its workers, on average, between 1.5 and two times more than workers in state enterprises – and public opinion, which was initially distrustful, is now swinging heavily in their favour. A survey in the newspaper Economic Gazette says that opinion polls show more than two-thirds of those polled favour co-ops, against a third of those polled a year ago.

A residue of popular distrust that they are profiteering does remain, however, exemplified in the popular joke which runs: "Do you want to hear the joke about co-ops?" "Yes." "Give me a rouble."

In the year from July 1987, the total number of co-ops in the Soviet Union grew from 3,709 to 32,561. Their total turnover increased from Roubles 29.2m ($46.7bn) to Roubles 1.04bn in the same period.

Just over half (16,324, with a turnover of Roubles 528m) are in the Russian Republic. Ukraine has 5,269, turning over Roubles 151.8m. The republics of Byelorussia, Kazakhstan, Uzbekistan and Gruzia have more than 1,000 each.

The small but entrepreneurial Baltic republics of Estonia, Latvia and Lithuania have respectively 609, 540 and 917.

More than a third provide various types of domestic services, an area particularly neglected by the state, over 5,000 are in catering, presumably mainly restaurants, over 7,000 make some form of consumer goods, 5,640 offer transport, sports and other facilities, and over 1,600 use the waste or discarded equipment from plants in some form of recycling process.

Economic Gazette says that co-operatives have the immediate potential to employ several million more workers "on the basis of customer demand". Surveys show, it adds, that the most successful and profitable – such as the Estonian Iris co-operative – are those which diversify into several different activities. The Iris co-op produces car parts, servicing cars, making clothes and digging peat.

The law on co-operatives, passed last month, allows them to build houses and roads, conduct scientific research, offer tuition courses, and mine minerals and other natural resources.

Shareholding is now gradually spreading, allowing them to grow and also "giving the people who hold the shares the feeling of being their own bosses".

W German M3 grows less fast

By Andrew Fisher in Frankfurt

WEST GERMANY'S money supply growth slowed last month, but still remained above the target range set by the Bundesbank for this year. Further heavy fund outflows abroad also occurred as investors sought higher returns.

The Bundesbank said that M3, the broad monetary aggregate, rose in July at a seasonally adjusted annual rate of 6.7 per cent over the level at the end of last year compared with 7.4 per cent in June. Its desired range for M3 is 3-6 per cent. The bank's targets have been overshot for two years running, mainly as a result of heavy inflows associated with speculation on a rising D-Mark. This year, however, the currency has weakened, especially against the dollar.

The bank switched to M3 this year from its traditional central bank money stock, arguing that this better reflected monetary growth and velocity trends. Central bank money stock is made up of cash in circulation and banks' minimum reserve deposits at the Bundesbank.

The investment outflow in July totalled DM10.9bn (£3.4bn) compared with only DM0.8bn in June. The higher returns obtainable in foreign markets have prompted heavy movements of funds abroad this year, especially to the US, the UK, Australia, and Canada.

Skies grow clearer over Cyprus

Andriana Ierodiaconou reports as the leaders of the two communities meet in Geneva.

"THIS WILL not be a repeat of 1985." The phrase, half statement, half incantation, recurs on the lips of officials cautiously assessing the chances of success of the UN-led Cyprus peace talks scheduled to resume after a three-year break in Geneva tomorrow.

The key participants will be Mr George Vassiliou, elected president of Cyprus last February by the island's Greek-Cypriot majority community, and Mr Raouf Denktash, leader of the Turkish Cypriots.

The latter unilaterally declared an independent state in 1983 in the northern third of Cyprus occupied by Turkish troops. This state is recognised only by Turkey, which sent its troops to Cyprus in 1974 following a Greek junta-led coup against the government of Archbishop Makarios. The Turkish intervention led to the partitioning of the island.

Restoring the political unity of the Cypriot state is the essence of the problem. In two high-level agreements reached in 1977 and 1979, the two communities took a major step by agreeing that the basis for a settlement should be the setting-up of a bizonal federal republic. Since then, however, negotiations on the details have made no progress.

Memories are still fresh of the last, disastrous, attempt to get the two sides to agree a settlement made by Mr Javier Perez de Cuellar, the UN Secretary-General, in January 1985. The participants at that meeting were Mr Vassiliou's predecessor, Mr Spyros Kyprianou, and Mr Denktash.

The talks collapsed almost immediately, ostensibly over procedural differences but in reality because of key disagreements on issues of substance. Mr Denktash insisted that the two sides immediately sign a UN draft settlement plan sketching out the constitutional and territorial arrangements for a bizonal federal state and then relegate all outstanding issues to joint working groups.

Mr Kyprianou countered that the draft failed to address issues considered vital to a workable settlement by the Greek Cypriots – mainly Turkish troop withdrawal, guarantees for a settlement, and arrangements regarding the right of movement, property ownership and settlement within the state. He called for negotiation on these issues before agreeing to sign any of the tabled documentation.

The past three years have been spent by the Secretary- General trying to repackage the 1985 documents to suit both sides. Not least among the reasons for his failure has been the negative personal chemistry which developed between Mr Kyprianou and Mr Denktash.

Independently of this doomed process, however, the political landscape gradually changed in significant ways.

Greece and Turkey, whose relations have been tense since the 1974 Cyprus crisis, unexpectedly warmed to each other when their Prime Ministers met in Switzerland last January and undertook to resolve all differences peacefully.

One month later, in Cyprus, Mr Kyprianou lost presidential elections to Mr Vassiliou, a pragmatic businessman who has injected a new vitality into the moribund peace process.

In the interim, too, Turkey has launched its bid for closer ties and eventual membership of the European Community. Although Turkish officials emphasise that there are limits to the price Ankara will pay to achieve its goal, they recognise that a Cyprus settlement would facilitate the process. Not only is Greece committed to vetoing Turkish accession as long as occupation troops remain in Cyprus, but recent European Parliament reports indicate a broader EC concern for Cyprus.

Against this background the two sides in Cyprus have been induced to drop previous preconditions in order to come to the negotiating table.

The Greek Cypriots, while still stressing that the resolution of the three issues identified in 1985 by Mr Kyprianou lies at the core of any settlement, no longer insist on advance discussion of these.

Mr Denktash, for his part, no longer insists that the Greek Cypriots accept a March 1986 version of the 1985 UN draft settlement plan as a basis for accepting any negotiations.

Instead, he has contented himself with a reference to UN documents prepared at earlier stages of the peace process in 1980, 1981 and 1984 which include elements regarded as positive by the Turkish-Cypriot side, such as noting that freedom of movement in the proposed state must be decided upon bearing in mind certain "practical difficulties".

These documents will not, however, be considered binding on either side.

The statement to be read by Mr Perez de Cuellar after a scheduled Vassiliou-Denktash meeting has already been prepared and approved by both sides in months of behind-the-scenes diplomacy by UN officials.

It will effectively send the two sides back to the drawing board by reiterating their commitment to the 1977 and 1979 high-level agreements, but will not suggest a framework for what they should agree on beyond those accords.

The statement will set a June 1989 deadline, regarded as ambitious by many but insisted on by Mr Vassiliou, for the completion of talks, in which the two leaders will be involved as much as possible.

Because of this high degree of personal involvement, all sides set great store by the rapport that may or may not be established between Mr Vassiliou and Mr Denktash in Geneva. It is clear, however, that it will take a lot more than chemistry for the Geneva talks to prove, as Mr Vassiliou said not long ago he hoped would be the case, "the beginning of the end of the Cyprus problem."

Turkey aims at 20% inflation

TURKISH Prime Minister Turgut Ozal said yesterday that Turkey was trying to cut its inflation rate of 75 per cent as part of preparations for full membership of the EEC, Reuter reports from Istanbul.

"We are aiming to pull inflation gradually down to under 20 per cent by 1991 within a medium-term programme," Mr Ozal said.

Turkey, an associate member of the Community since 1964, applied for full membership in April last year.

Turkey's application has met stiff resistance from several member-states, including Greece, mainly on grounds of its weak economy and human rights record.

Oslo's tough budget

MR Gunnar Berge, Norway's Finance Minister, yesterday pledged a tough budget for next year, but said that there were clear signs of improvements in the country's oil-based economy.

Record car sales forecast for W Europe

By John Griffiths

WEST EUROPEAN new car sales this year will reach 12.4m units, a record for the third year, according to a new forecast by statistical group Automotive Industry Data.

Some 12.26m cars were sold in a total of 15 West European markets last year. However, there was a widespread expectation in the industry at the start of this year that 1988 would see a downturn. Instead, sales in the first half of the year were up 5.7 per cent at 6.8m. AID, in its latest study, concludes that even though a slowdown is likely in the second half, "no sharp dip is expected which could totally wipe out the strong advance of the first half."

AID is predicting particularly strong growth for Spain – sales were up by more than a quarter in the first half – and forecasts a 1m-plus market for the first time.

AID Newsletter, 34 St John Street, Lichfield, Staffs., England WS13 6PB. £240 pa for 24 issues.

Kohl dogged by political troubles

By David Goodhart in Bonn

MR HELMUT KOHL, the West German Chancellor, is unlikely to be able to prevent the political troubles of his uneasy coalition Government returning after the summer break, according to a report in the magazine Der Spiegel.

Spiegel claims that the Government's latest (unpublished) opinion polls paint an increasingly gloomy picture with the opposition Social Democratic Party now clearly in the lead despite the better than expected economic news of the past few months.

Spiegel also claims that more than 6,000 members of the Chancellor's Party – the Christian Democratic Union – have resigned over the past few months, mainly in response to the row over aspects of the tax reform package.

The Chancellor, who returned to work himself yesterday, will find it hard to project an image of confidence and unity in the coalition with the prospect of an autumn cabinet reshuffle, which is already dominating the political news.

● The Economics Ministry in Bonn said yesterday it would closely study allegations from the Cartel Office in Berlin that the agreement between the power utilities and the coal producers is contrary to competition law.

Under the agreement the utilities agree to use expensive German coal (45m tonnes a year until 1995) and the Government levies a special charge on electricity bills. Both the Cartel Office and the Economics Ministry acknowledge that there is no possibility of change before 1995, despite increasing pressure from the European Commission.

The issue of a freer energy market after 1992 is likely to prove contentious. The southern state of Baden-Württemberg is keen to buy cheap nuclear energy from France but faces resistance from the coal producing states and the domestic nuclear industry.

S Africa blamed for uprooting of 6m people

By Robert Taylor in Oslo

ABOUT 6m people have been turned either into refugees or displaced persons in the countries bordering South Africa, as a result of the conflict between Pretoria and the Front-line states.

This estimate was made yesterday by Mr Javier Perez de Cuellar, the UN Secretary-General, speaking at conference in Oslo on southern African refugees convened by the Organisation of African Unity (OAU) and endorsed by the UN General Assembly.

Norway, under Prime Minister Gro Harlem Brundtland, has taken over from Sweden, since the murder of Mr Olof Palme, as the most important Nordic country diplomatically.

The aim of the gathering is to focus the attention of the world on the plight of the 6m uprooted people and adopt a declaration and plan of action to ease the crisis.

"It can no longer be ignored by the international community," Mr Robert Mugabe, Zimbabwe's President, told the delegates from 81 different states. Unlike most other areas of Africa, the desperate situation in the southern part of the continent is almost entirely to do with politics and not natural disasters.

"Any lasting solution to the crisis depends on the end of apartheid," said Mr Perez de Cuellar. A background paper prepared for the conference said that South Africa was "waging an undeclared war against its neighbours."

The UN estimates that as many as 5m people have either been displaced or affected by the civil wars in Angola and Mozambique, while a further 1m have been forced to flee for their lives and seek refuge in neighbouring states.

In Malawi alone there are believed to be 450,000 refugees in a country of just under 8m. They have come there from Mozambique, escaping the terror campaign of the South African-backed Renamo organisation. A further 166,000 have moved into Zimbabwe, where a fifth refugee camp is about to be opened, 136,000 to Zambia, and 72,000 into Tanzania.

The UN High Commission for Refugees estimates that just over 3m people have been displaced in Mozambique by the internal armed conflict.

In a document prepared for the conference, the UN calculates that it will cost $626m a year for the foreseeable future to resolve the refugee problem in southern Africa.

"The cost of rebuilding the economic base of the area will be high," it admits. "But combining emergency assistance with sustainable rehabilitation and development of the economy will be much more cost-effective than simply continuing emergency humanitarian aid on its own."

The UN has costed a programme for revival in the region. This would involve rebuilding destroyed homes ($50m annually), providing safe drinking water ($25m), sanitation ($15m), dealing with land erosion ($20m), repairing roads and bridges ($50m), and above all rehabilitating the area's agriculture ($150m), improving food distribution ($20m) and building up food stocks ($40m).

On top of this, the UN believes a further $100m a year will be needed for health support and a similar amount spent on education.

OVERSEAS NEWS

Burundi 'using helicopters' to kill civilians

BURUNDI'S dominant Tutsi tribe has been using helicopters, armoured vehicles, machine-guns and bayonets to slaughter the unarmed peasants of their ancient enemies, the Hutu, according to eyewitness accounts from refugees streaming into neighbouring Rwanda, Reuter reports from Kigali, Rwanda.

Tribal bloodshed has raged for a week in northern Burundi. The military government in Bujumbura told Western diplomats yesterday that the death toll was about 5,000 and calm had been restored.

Official Burundian accounts have spoken only of attacks on Tutsi by "traitors and outsiders".

Tutsi refugees who fled to Rwanda in the first few days of last week were followed by a much larger flood of Hutu who said the army, dominated by the Tutsi, had moved in on Wednesday and launched a reprisal slaughter of the Hutu.

According to a Western diplomat in Bujumbura, Mr Cyprien Mbonimpa, the Foreign Minister, briefed foreign envoys yesterday, saying an estimated 5,000 people had died in outbreaks of violence. He did not mention killing by the armed forces, the diplomat said by telephone. The area of the killings is closed to outsiders.

Officials and UN refugee workers on the Rwandan side of the frontier have heard countless horrifying stories of the army massacre from the 35,000 Burundians who have fled north across the Akanyaru River.

Mr Code Cisse, representative in Rwanda of the UN High Commissioner for Refugees, toured the border area at the weekend and said: "We cannot talk about a civil war because only one side is armed. It has become a massacre by the Burundian army."

The Tutsi dominate the central African state's politics and army. The Hutu make up 85 per cent of the population.

The killing has sent 35,000 people, mainly Hutu, fleeing into neighbouring Rwanda with tales of army reprisals against many thousands of defenceless peasants.

The Tutsi, a cattle-herding people, have lorded it over Hutu farmers in the fertile, well-watered lands at the northern end of Lake Tanganyika since pre-colonial times. Rwanda has a similar tribal make-up but the Rwandan Hutu overthrew Tutsi domination at the end of Belgium's colonial rule.

The last big bout of tribal bloodletting in Burundi took place in 1972 when the Tutsi responded to a Hutu challenge with mass slaughter and the death toll was put by foreign experts at 100,000 or more.

International appeal for Somali refugees

By Victor Mallet in Lusaka

THE WORLD Food Programme yesterday appealed for urgent international assistance to help tens of thousands of Somali refugees flooding into Ethiopia.

At least 300,000 Somalis are estimated to have crossed the border to escape the civil war in northern Somalia, and food, clean water and shelter are all scarce in the refugee camps.

"In a mere matter of weeks the number of Somalis seeking safety in Ethiopia has skyrocketed," Mr James Ingram, WFP's executive director, said. "The international community must act immediately. Ethiopia does not need another crisis."

WFP field workers regard the situation as desperate, with up to 4,000 people a day fleeing into south-eastern Ethiopia. WFP, the food aid arm of the UN, says it has already diverted some food from other operations to cope with the emergency and has budgeted an extra $5.7m to feed 200,000 refugees in Ethiopia's Hararghe region for six months.

Rebels of the Somali National Movement launched a sudden offensive at the end of May. The fighting followed a peace agreement between Somalia and Ethiopia which apparently deprived the SNM of its Ethopian bases and forced it to consolidate its position inside Somalia. Foreigners were evacuated from the north.

Bhutto confident of poll win 'if election is fair'

MS Benazir Bhutto, Pakistan's opposition leader, said yesterday her Pakistan People's Party (PPP) could win National Assembly elections scheduled for November after the air-crash death of military ruler President Zia ul-Haq, Reuter reports from Washington.

Interviewed from Karachi on US television, Ms Bhutto said big rallies had demonstrated widespread popular support for her party.

"The People's Party is the largest party in the country, it's the most popular," she said. "I am absolutely sure the Pakistan People's Party will get a victory in the forthcoming elections if they're fair and party-based."

She said it has been "a big surprise and a welcome one" that the army chose to extricate itself from the political field" by showing restraint since the death of Gen Zia, who ruled for 11 years.

Gen Zia died last week in an unexplained air crash that also killed Mr Arnold Raphel, US Ambassador, and Brigadier General Herbert Wassom, the US military attache in Islamabad.

Ms Bhutto, 35, has been the most prominent member of the PPP since 1979, when Gen Zia executed her father, Zulfikar Ali Bhutto, who founded the party.

She declined to speculate whether Gen Zia's death may have been caused by sabotage of his aircraft, which crashed, minutes after takeoff last Wednesday from Bahawalpur, south of Lahore.

"All we say is let the investigation take its course," she said, "Because otherwise in a way it's telling the army that the civilians are going to start blaming you and so you better take over or do something to secure your own position and that's something we don't want."

Yugoslavs agree the medicine but not the regimen

Judy Dempsey describes the rival treatment methods which are being prescribed for a sick economy

YUGOSLAVIA'S fragile political and economic system suffered another blow at the weekend after thousands of Serbs and Montenegrins demonstrated against alleged persecution of their fellow Slavs in the autonomous southern province of Kosovo.

Kosovo, which is constitutionally linked to the republic of Serbia, was the scene of bitter nationalist riots in 1981. During that stormy period, the largely ethnic Albanian population called in vain for the province to be given the status of a republic.

However, today, the combination of a deteriorating economy in one of the country's poorest regions and the growing number of Serbs leaving the province largely for economic reasons, has heightened the sense of instability.

Economists now believe that one of the ways out of the deepening crisis, which is increasingly tinged by nationalism, is through implementing radical economic reforms.

Surprisingly, in a country where consensus is almost impossible to attain, the medicine being prescribed by party officials and economists to the Yugoslav economy is the same. However, while some senior politicians want the patient to remain in bed for most of the time, others believe it is only by walking without crutches that the patient will gain strength.

It is this crucial difference which will, in the view of Slovene politicians and economists, make or break Yugoslavia's ability to pull the economy out of its worst post-war crisis.

The difference in the economic therapy is most apparent in the two special commissions which are looking at ways to reform the economic system. One is headed by Mr Branko Mikulic, the beleaguered Prime Minister, the other by Mr Slobodan Milosevic, the tough Serbian party leader.

They both believe that what is needed is a reform of prices, an overhaul of the management of enterprises, and radical changes in legislation to attract foreign and private investment. The crucial difference is how such reforms will be implemented.

The Mikulic commission believes that only through increased political and economic decentralisation can reforms have any real bite. This would mean allowing enterprises greater financial independence. It would also mean that managers could look for outside investments. Above all, private enterprise, including agriculture, would be expanded, and enterprises would be allowed raise private capital.

"We have to let the economy breathe," says Professor Alexander Bajt, a respected Slovene economist. "We are in desperate need of private investments from inside the country and abroad. But first we have to make our enterprises attractive and free of the state before we can do this."

He has been trying for the best part of 30 years to gain support for his reformist views. While he has little problem persuading Slovene party officials that decentralisation across the board will give the economy a much-needed lift, some of the other republics shudder at, and openly resist, his views.

"In a recent report, the Yugoslav economy was compared to Portugal, Spain, Greece and Turkey," he says. "It was found that the efficiency of Yugoslav investments amounted to only 70 per cent of the average efficiency of all these four countries. With that kind of record, who, I ask you, is going to invest in our enterprises?"

The Slovenes, along with their more prosperous northern neighbours, including the republic of Croatia and the autonomous province of Vojvodina, now argue for a sustained dose of political democratisation and economic liberalisation. Such a view, however, is not shared by the Milosevic commission.

Mr Milosevic is a key player both in the economic reform debate and in the broader context of Yugoslav politics. His commission includes many liberal economists who argue much the same as their colleagues on the Mikulic commission.

But in spite of being flanked by liberals, Mr Milosevic himself, contrary to the Slovenes and the Prime Minister, believes that reforms must be administered politically from the centre. So, instead of enterprises being given freer rein, they would be centrally directed.

"He wants to push through tough economic reforms with a centralised plan, while we want decentralised reforms," says Mrs Sonja Locar, executive secretary of the central committee of the Slovene Communist party.

"If Milosevic pushes through reforms in this way, he will hinder the economic development of the northern republics. The last thing we need is more centralised control both in the political and economic spheres."

Mrs Locar and other Slovene officials and economists believe such methods would damage the economic and financial ability of Slovenia and the other northern republics to support the less-developed regions of the Federation.

"Through such methods, Milosevic is killing the hens which give the eggs to the south," adds Mrs Locar.

In complete contrast, the fear among some of the less-developed republics in the south, such as Montenegro, Bosnia-Herzegovina, Macedonia and parts of Serbia, is that if the political and economic systems were liberalised, then the northern republics would no longer be obliged financially to assist the less well-off regions in the country.

Mr Milosevic and other economists also recognise that any reforms giving greater freedom to the enterprises would have very different effects throughout the Federation.

Initially, the reforms would lead to many bankruptcies and unemployment.

Slovenia and its neighbours would have few difficulties in coping with such problems. There, unemployment is running at less than 2 per cent. Many of the enterprises are run efficiently, at least compared to those in other parts of Yugoslavia. If private enterprise were expanded, new jobs would be created. There would be more opportunities to set up small businesses, particularly in the services and electronics sector.

But such a picture could not be quickly applied to the southern republics, where unemployment hovers between 20 and 40 per cent. Reduction of state subsidies would spell ruin for the local population. Unemployment would soar and bankruptcies would increase.

Also, in contrast to the traditionally more liberal and politically more developed northern region, the south could not easily switch from a political and economic mentality so long dependent on the state, to one of self-sufficiency and economic independence.

If anything – and Mr Milosevic is fully aware of this – a patient out of bed in the south would resort to strikes which would be soon be channelled into political and nationalist demands. Many Yugoslav journalists and economists believe that Mr Milosevic, for nationalist reasons, would quickly exploit such tensions. Soon, there would be calls for more medicine and a return to bed, while the patient in Slovenia would be up and running in a matter of days

In a nutshell, the debate in Yugoslavia is not only about how economic reforms should be implemented: it is about the growing political and economic gulf between the north and the south. Growing nationalism, fostered by Mr Milosevic, besides widening this gulf, is threatening stability in the country.

Says Mrs Locar: "The economic crisis is so bad, that the possibility of coming out of it through democratic ways are lessening".

On this issue, Slovene economists and party officials now believe that the real battle has yet to begin.

S Korea head in Manila restaurant shooting

THREE gunmen fired shots into a restaurant during a party for South Korean opposition leader Kim Dae Jung on Monday, wounding two bodyguards of Mr Fidel Ramos, the Philippine Defence Secretary, a private television station reported, Reuter reports from Manila.

Kim and the other members of the Government-hosted party, including Mr Ramos, were unhurt but one of the gunmen was seriously wounded, ABS-CBN Channel 2 said.

Police confirmed the shooting but refused to give details.

The television station identified the assailants as members of the paramilitary Philippine Constabulary.

Mr Ramos, interviewed at the scene, said that Kim was unperturbed and that the party continued despite the incident.

"This is not necessarily aimed at him [Kim]. It could be aimed at anyone of us . . . authorities are in control. We are taking action," Mr Ramos told a television interviewer.

Kim arrived in Manila last weekend to attend Sunday's commemoration of the fifth anniversary of the assassination of President Corazon Aquino's husband, Benigno. He is due to leave tomorrow. The shooting broke a window in the restaurant where Kim was attending a farewell party in his honour.

Police said initial investigations indicated the occupants of the car, two men and a woman, wanted to pass through the street where the restaurant was located but were stopped by police manning a checkpoint.

Witnesses said one of the men in the car got out and shooting broke out.

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Burmese cities see new wave of demonstrations

By Richard Gourlay in Bangkok

HUGE anti-government demonstrations were held again yesterday in Rangoon and Mandalay, and other towns, as the Burmese people took to the streets against the appointment last week of U Maung Maung as the country's leader, Rangoon based diplomats said.

The army which two weeks ago suppressed similar peaceful demonstrations by shooting into crowds, was positioned throughout Rangoon but did not interfere with the demonstrators. Many people kept away from work and one diplomat said that Rangoon had, in effect, ground to a halt, adding that reliable information, like some other items, was becoming *a scarce commodity.*

Demonstrations in Mandalay were even bigger than in the capital where army control was much tighter in the run-up to the Burma Socialist Programme Party's appointment of U Maung Maung.

According to repeated but unconfirmed reports, large numbers of people set out to march the 640 kms from Mandalay to Rangoon and some reports said the army had fired on the column, diplomats said.

Diplomats have become virtually the only reliable source of information but have to give 10 days' notice before leaving Rangoon for the countryside.

The strong response to the students' call for demonstrations yesterday suggests that many Burmese want the overthrow of the one-party system, dominated by the army and the Party, not just that of a party leader like U Maung Maung.

Gen Ne Win who led Burma for 26 years ago until resigning last month is still widely seen to be pulling the strings behind U Maung Maung. Without a real overhaul of the system it is hard to see how the Government can regain control of the country, diplomats said.

"The Government does not look like anything right now," one diplomat said. "There have been no appeals, no news, just silence."

Soldiers yesterday sat on the ground, cradling rifles as roars of applause greeted speech *after speech from lawyers* wearing court robes, and doctors in white coats outside Rangoon General Hospital. A short way away, even larger crowds gathered outside the American embassy.

Housing shortage that can destroy friendships

K. K. Sharma, in New Delhi, reports on how India's high rents have hit the middle classes

MR Saeed Naqvi is a prominent editor in New Delhi whose wife insisted 12 years ago that he build a low-cost house on a cheap 500 sq m plot he had acquired under a scheme for a journalists' colony. Mr Naqvi borrowed heavily to build his dream house but was transferred to Madras. He rented out the house for a pittance to his best friend on condition he would get it back on his return to New Delhi.

The 20-year-old friendship collapsed the day Mr Naqvi returned to Delhi and tried to live in his house. The friend simply refused to move out and the two have been fighting a bitter battle in court ever since. The friend is embarrassed but he draws comfort from the fact that he is among the *hundreds of thousands of* tenants who have preferred to stay on in houses they rented cheaply years ago rather than *look for new accommodation* that would today cost them up to 20 times more, if they found it at all.

The picture is much the same in the Bombay suburb of Thane. Mr Subhash Chandra is a Punjabi migrant with a relatively *well-paid white-collar job* who lives in a tin shack with his wife and three children in a shanty colony with no sanitary facilities or water supply.

He has only just enough electricity to operate his television set and video cassette recorder.

Professionals, and their video recorders, are being forced into slum areas such as this in Bombay

The shanty costs him 3,500 rupees (about $250) a month *and lies in the shadow of fashionable* high-rise residential buildings where flats cost as much as 600 rupees per square foot, a figure beyond his means.

In Bombay and Delhi, as in most urban concentrations in India, it is next to impossible to rent residential accommodation because of a severe hous*ing shortage that officials help*lessly acknowledge can only worsen.

Rent control laws that operate in favour of tenants mean that flats in Bombay are virtually impossible to rent and are available for outright sale at prices ranging from 600 rupees to 2,500 rupees per square foot, well out of the range of most *people.*

Countrywide, the housing shortage will reach a staggering 29.2m dwellings by 1990 according to Ministry of Urban Development estimates. Of this, 22.3m will be in rural areas. The housing shortage is thus not limited to a few metropolitan areas but afflicts the entire country. The result is that slums have proliferated.

The main reasons for the problem are the rapid increase in population, the fast rate of urbanisation, inadequate addition to the housing stock owing to rising prices of land and construction materials and inadequate investment in housing.

Because of high poverty levels and unemployment in villages, towns and cities act as employment magnets so that there is a constant and unending flow of migrants to towns.

The supply of homes has not kept pace with the demand. In real terms, the housing stock has increased from 79.2m in 1961 to 114.4m in 1981, whereas households have gone up from 83.5m to 122.6m in the same period.

The problem is compounded by the demand for commercial and office accommodation for which companies are willing to pay inflated rents. Such is the pressure on the limited land available in all towns that the authorities have been forced to relax the ceilings on heights of *high-rise buildings. Indian* towns are thus fast becoming concrete jungle of the kind in Western countries.

To encourage house-building, the Government last February presented a package of incentives in its annual budget to encourage investments in residential buildings and lower the costs of doing so. Apart from urging people to go in for low-cost housing, the finance minister reduced the duty on cement and fly ash bricks and withdrawn the duty on lympho, a cement substitute. This was accompanied by fiscal incentives. Finance companies have been given income-tax concessions for loans for housing while investment in housing will now get larger deductions for income-tax purposes.

The Government has also recently published a detailed draft on national housing policy enunciating the long and short-term objectives of a comprehensive shelter policy and strategies for the development of housing. But the policy does not say where the 1,250bn rupees required for housing by the turn of the century will come from.

The Government statement admits: "the problems are gigantic. Unless definite and bold policies are evolved and implemented, the country will not be able to meet the basis minimum need of the population for shelter even by the *turn of the century." The pol*icy statement in effect admits the Government's helplessness and has been widely dismissed as rhetoric. It is more than likely that for most Indians, a roof will mean a leaking hut

Hawke shuffles four of his Cabinet ministers

By Chris Sherwell in Sydney

MR BOB HAWKE, the Australian Prime Minister, yesterday announced four Cabinet changes following last week's resignation of Foreign Minister Bill Hayden to take up the post of Governor-General.

Senator Gareth Evans, 43, was named new Foreign Affairs Minister, while Mr Ralph Willis, currently Industrial Relations Minister, will take over Sen Evans' position as Minister for Transport and Communications. Mr Peter Morris moves up to Industrial Relations.

The fourth significant change sees the demotion of the veteran Mr Clyde Holding from the increasingly sensitive position of Immigration Minister. He has been replaced by Senator Robert Ray, a powerful figure in the dominant right-wing faction of the ruling Labor party.

Mr Hawke announced the changes sooner than expected, apparently to avoid protracted speculation. The appointments take effect in two weeks' time.

Sen Evans is both energetic and articulate, but outspoken. An academic lawyer and barrister before entering the Australian parliament in 1978, he was made Attorney-General when Labor came to power in 1983. He was shifted to Resources and Energy in 1984 and for the last 13 months he has headed the new super-ministry of Transport and Communications.

Shamir benefits from uprising

By Andrew Whitley in Jerusalem

A SPATE of Jewish-Arab violence in previously untrou*bled parts of Israel has brought* many Israelis face-to-face with the Palestinian *intifada* for the first time, and strengthened Prime Minister Yitzhak Shamir's bid to win the November general election.

The right-wing leader never *loses an opportunity to remind* whoever is listening of his belief that the disturbances in the occupied West Bank and Gaza Strip are only a first stage in an Arab grand design to destroy Israel and drive the Jews into the sea.

Saturday's grenade attack on a crowded pedestrian arcade in the centre of Haifa – a mixed-race city which prides itself on its good intercommunal relations – was a nightmare waiting to happen.

An eight-year-old boy, with his family outside a toy shop, *had his leg blown off* and 24 others were injured; but the toll could have been much worse. Responsibility for the Haifa attack was claimed by the extremist Abu Nidal faction of the PLO.

At Sunday's Cabinet meeting, Police Minister Haim Bar-Lev reported that over the week there had been 89 politically-motivated incidents reported inside Israel's pre-1967 "green line" borders – up from 75 the week before.

The Haifa grenade incident will convince many Israeli waverers that it is Prime Minister Shamir and not his Labour rival, Mr Shimon Peres, who is right about the Arabs. Only firm resolve in the face of Arab "impudence", and a readiness to hit back hard, will make them come to terms with us, runs the conventional Israeli wisdom.

The Haifa attack was the second electoral gift for Mr Shamir recently. The first, King Hussein of Jordan's decision to abdicate from the West Bank, left Labour's foreign policy for the election in ruins.

No longer able to claim that "a Jordanian option" still exists for Israel, Labour has been compelled to cobble together a strategy of dubious credibility. It boils down to a willingness to talk directly to local Palestinians about an interim solution for the West Bank and Gaza Strip, while keeping King Hussein on ice for a permanent settlement of Israel's eastern border.

Islamic militants seek to lead West Bank protest

By Andrew Whitley

A DETERMINED attempt by the fundamentalist Islamic Jihad movement to set the pace of the uprising in the Israeli-occupied West Bank is worrying many Palestinians and causing concern to the Israeli authorities.

*Islamic Jihad is the domi*nant influence in the Gaza Strip, and until recent days has been an uneasy partner in the so-called Unified Leadership of the Uprising, together with the PLO and the more moderate Communists. A strike called on Sunday by the religious faction, and opposed by the PLO, may, however, mark the separation of their ways.

Significantly, the Islamic Jihad militants chose an anniversary of greater importance *to themselves than their erst*while partners – the 19th anniversary of a celebrated arson attempt on Jerusalem's Al Aqsa Mosque – to show their hand. While there was much initial confusion among shopkeepers and workers travelling *to their jobs in Israel, the* strongarm tactics of the fundamentalists got the message across.

As the leadership contest emerges into the open, West Bank Palestinians yesterday entered their fifth day of strike action.

The army once again slapped a curfew on Nablus, the West Bank's largest city. Six Palestinians were reported shot and injured during the day.

Korean talks break down

By Maggie Ford in Panmunjom

TALKS between the two Koreas, the first for three years, broke up yesterday with no agreement or firm date for a further meeting. Neither side was prepared to give ground on the subjects for discussion at a full parliamentary meet*ing, after three days of talks at* the border village of Panmunjom.

The North, dispirited by the lack of progress, appealed to the South to recognise the new world realities between the superpowers and a growing desire for reunification in both halves of the peninsula. Now was the time for a fresh attitude, but the South seemed only interested in discussing the Olympic Games, the delegation leader said.

AMERICAN NEWS

US bomber may need $8bn boost says Congress

AMERICA'S troubled B-1B bomber may require $8bn in improvements to boost its ability to carry nuclear weapons deep into the Soviet Union, a congressional report said yesterday, Reuter reports from Washington.

The Congressional Budget Office (CBO) told the House Armed Services Committee lawmakers will have to decide in the next few years whether to spend substantial additional funds on the strategic swept-wing bomber.

The B-1B, built by Rockwell International, was designed for tree-level penetration missions. But the Air Force has admitted its electronic counter-measures system may not be able to jam and confuse Soviet radar.

"If all enhancements currently under consideration are pursued, that package could cost as much as $8bn," the CBO said of Air Force plans to improve the radar-jamming and also add other equipment to the aircraft.

The Air Force, which bought 100 advanced B-1Bs at a cost of about $20.5bn, says it expects to correct the jamming problems but has not given a cost.

"It would be unrealistic to provide a cost figure while we are still assessing options on the defensive avionics," the Air Force said yesterday.

The CBO report did not break down the cost of fixing the radar jamming equipment, but said its estimate also included tentative Air Force plans to add missiles to knock out Soviet defences and to improve radar and communications equipment.

"Over the next few years, the Congress will have to decide whether to invest substantial additional monies in the B-1B bomber programme to enhance the aircraft's ability to penetrate Soviet air defences and to make it useful in a wider range of combat missions," the report said.

Mr Les Aspin, chairman of the Armed Services Committee and a Wisconsin Democrat, said in a statement that the Air Force would have to make a strong case to sink additional billions into the B-1B.

"The report adds another voice to those pointing out the shortcomings of one vital part of the bomber's performance, that concerning its defensive electronics," Mr Aspin said.

"The counter-measures work well against some enemy radar threats, but CBO points out that the basic design is fundamentally flawed . . . We have to decide first if it's worth it to fix the B-1B's problems, and then we have to decide what, if anything, to do about the expected Air Force requests for enhancements," Mr Aspin said.

Six charged over plan to attack Nicaragua

SIX Cuban-born Americans were yesterday charged with training and equipping commandos at a Florida base camp for operations against Nicaragua's Sandinista troops, Reuter reports from Miami.

According to the indictment, the six operated a training camp on the outskirts of the Everglades near Naples on Florida's west coast from June 1983 until September 1986, turning out about 60 graduates in commando-style warfare.

Mr Mark Schnapp, head of the criminal investigations division of the US attorney's office here, said that the men, mostly Cubans and Nicaraguans, were flown to Costa Rica to join forces with forces under Mr Eden Pastora, the former Contra rebel leader.

The six are charged with violating the US Neutrality Act, which prohibits private individuals from engaging in warfare against a country with which the US is not at war. They face between six and 30 years in prison if convicted.

"You just can't do that sort of thing," Mr Schnapp said, adding the operation was "not sanctioned by any US government agency." Four of the six had agreed to surrender and arrangements were being made for the other two to give up, Mr Schnapp said.

Kabul tops US state terrorism list

By Lionel Barber in Washington

THE Soviet-backed regime in Afghanistan repeatedly attacked civilian targets in Pakistan in 1987 and was responsible for well over half the incidents of worldwide state-sponsored terrorism, a US State Department report said yesterday.

The report was completed before last week's incident in which a Pakistani C-130 transport plane crashed killing President Zia Ul-Haq, the US ambassador, the chief US military attache, and most of the Pakistani military high command.

The Pakistani government has said it believes terrorists were responsible, and a US official has said that Afghan agents are "among the suspects" because of the Kabul regime's attacks against Pakistan, which serves as a base for the US-backed Afghan rebels.

The State Department report - entitled Patterns of Global Terrorism: 1987 - said Afghan agents carried out 127 of the 189 incidents last year attributable to state-sponsored terrorism. Iran was second with 44 and Libya followed with seven, the report said.

A US official cautioned that the number of Afghan incidents was high because they were directly linked to the civil war in Afghanistan.

The official added that the apparent curbing of Libya's involvement in state-sponsored terrorism was not necessarily correct. He said the Reagan Administration suspected that Col Gadaffi's regime was increasing its activities and may have been involved in the terrorist attack on a cruise ferry in Poros, Greece this year. "The Libyans are just hiding their hand better," the official said.

The report said that the Soviet-trained secret police in Afghanistan, called the Khad, had conducted 127 such attacks, killing 234 people and wounding 1,200.

About half of all the deaths and injuries worldwide attributable to state-sponsored terrorism occurred in Pakistan in 1987. In total there were 832 international terrorist incidents.

Latin America fails to lure the UK

Robert Graham on why Mrs Thatcher has never made a formal visit to the continent

LATIN Americans have a reputation for staying up late. Thus it was suitably symbolic that Britain's House of Commons should debate the affairs of Latin America in the early hours of the morning.

To be precise the debate took place on July 28 from 02.51 until 04.21 when time ran out in favour of discussing the Environment. It is worth being precise because this was the first time since May 26,1950 that the Commons has held a general debate on Britain's relations with Latin America.

That only one and a half hours should be devoted to this subject, ignored for 38 years and squeezed into business at a moment of least attendance in the final session before the holiday recess, is eloquent testimony of where Latin America lies in the list of British Government priorities.

This is not just a phenomenon of the Thatcher Government. If visits by Foreign Ministers and Prime Ministers are crude gauges of strategic importance, national interest, export promotion, cultural links and historic ties, then British Governments post-1945 have merely varied between benign neglect and indifference. Latin America has received the least official attention of any region.

As Mr Jacques Arnold, Conservative MP for Gravesham, said initiating the debate: "So often foreign affairs debates in this place centre strategically on East-West relations, fashionably on Europe, nostalgically on the Commonwealth and indifferently on the remainder".

In such a climate it is not surprising therefore that no Prime Minister has formally visited Latin America (the closest was Mrs Thatcher's presence in 1981 at the Cancun, Mexico North/South summit). The first visit by a UK Foreign Secretary was not until 1986.

Britain's historic interest in the region has been commercial and financial, and such neglect basically reflects the decline of trade with Latin America. In 1945 almost a quarter of Latin America's trade was with Britain but by the 1970s the percentage had fallen to 2 per cent. Today Britain's trade with the entire continent of Latin America (which contains 8 per cent of the world's population) is roughly on a par with Denmark.

The decline in British commercial interest began almost at the turn of the century but has accelerated post 1945 as a result of a combination of several factors - the UK's concentration on Europe; the special relationship with the US and the perception that Latin America is a US sphere of influence; the general absence of colonial ties outside the Caribbean; the lack of strategic interests; the declining role of sterling and changing trade and investment patterns within Latin America; and the psychological barrier caused by dealing with Luso-Hispanic culture.

Chalker: more Spanish

The Commons debate went over all this ground and a good deal more. Those on the Conservative Government side (all three of them) wanted to draw attention to this neglect and promote greater interest and involvement to take advantage of the economic opportunities in Latin America. Those on the opposition Labour bench (only two speakers) were in sympathy but really wanted to talk about the achievements of the Sandinista revolution in Nicaragua and the human rights abuses of the Pinochet regime in Chile. Tacked onto the end of the debate was an incomplete attempt to discuss the long term implications of Britain's policy towards the Falklands.

This mirrors with reasonable accuracy the two levels of concern in Britain today about Latin America. Businessmen, bankers, diplomats, academics and the odd politician are concerned that Britain is missing out on commercial and investment opportunities.

Then there is a sub-culture of well organised issue-orientated groups (essentially of the Left) anxious that British policy should be more committed to such causes as the Sandinistas in Nicaragua and the anti-Pinochet movement in Chile.

Although the Commons debate could not have been held at a less auspicious hour, its occurence provides a marker. It should be seen less in the context of previous neglect, and much more against a background of awareness of Latin America. A combination of the debt crisis, the Falklands conflict, wars and revolution in Central America, the multiple problems of the illegal drugs business and ecological issues like the fate of the rain forests have created a new consciousness of the region that is slowly - very slowly - filtering into government attitudes and policy. The trend for British trade has also begun to recover from the trough in the 1970's so that it now accounts for some 3 per cent of commerce with region.

Mrs Thatcher's critics maintain she has identified Britain too closely with US policy in the region especially over Central America. However, under her administration both the Foreign Secretary and junior ministers have toured the continent to an unprecedented degree. This has been motivated primarily by self-interest; a diplomatic damage limitation exercise in the wake of the Falklands.

So long as conflict with Argentina is a possibility such considerations pertain. Yet a momentum has been established for broader based contact which now calls for the symbolic gesture of a prime ministerial visit to demonstrate Britain's seriousness in Latin America.

Symbols apart, the Commons debate highlighted the need for better and more extensive tuition of Spanish and Portuguese in schools to create a more solid long-term base for ties with Latin America.

Mrs Lynda Chalker, the junior government minister, who spoke in the debate, admitted as much: "But we shall be truly effective only if ... our people can trade in the language of the countries ... that means Portuguese and Spanish being spoken by our businessmen, let alone being taught in our schools."

Argentine metal workers win 47.4% pay increase

By Gary Mead in Buenos Aires

ARGENTINA'S powerful metal-workers' union (UOM) has negotiated a 47.4 per cent pay increase on basic wages, defying Government attempts to limit pay settlements.

The Government considers the rise excessive, and has called on the UOM and employers to reconsider. With 320,000 members, the UOM is the largest union and sets the pace for other unions' wage demands.

A joint statement issued by the ministries of Labour and Economy described the wage deal as being outside current guidelines. However, there are no real guidelines apart from Government exhortations to exercise responsibility in wage demands.

The agreement covers the period August 16 to September 16. On September 12 – after August's predicted inflation figure of 30 per cent will be officially known – the UOM will put in another pay claim to cover the next month.

At the beginning of August the Government introduced a series of economic measures aimed at correcting the worsening economic crisis.

The rising tide of monthly inflation rates peaked in July at 25 per cent during difficult negotiations with the International Monetary Fund.

Trinidad opts for austerity

By Canute James in Kingston

FACING A rapid deterioration in its oil-based economy, the Trinidad and Tobago government has implemented substantial cuts in spending which are expected to raise the ire of the trade unions and increasingly restive public servants.

The cuts were announced after last week's 15 per cent devaluation of the country's currency following a depletion of foreign reserves.

Mr Ray Robinson, Prime Minister and Finance Minister of the English-speaking Caribbean republic of 1.1m people, has announced 50 per cent cuts in this year's TT$2.5bn(£406m) capital budget, and a five per cent reduction in the TT$5bn recurrent budget.

The cutbacks, and other austerity measures being implemented, will futher erode the popular base of Mr Robinson's administration which took office 20 months ago with a handsome victory in general elections. "It is imperative that we put our fiscal house in order," Mr Robinson said. "The government just cannot keep spending more than it earns."

Salaries are to be cut, as will subsidies to state companies, while petrol prices have been increased to help close a projected TT$587m revenue shortfall. The Prime Minister is anticipating closures and mergers of troubled state companies, some of which are being considered for divestment.

The measures represent the latest attempt by the government to contain the damage to the economy caused by the collapse in the price for oil. The petroleum sector is the main pillar of the economy, but its contribution to the gross domestic product has declined from 40 per cent in 1980 to 20 per cent last year.

Reduced earnings from oil led to a TT$901m deficit on the current account of the balance of payments last year. Foreign reserves stood at at $125.7m at the end of March, after declining steadily from $2bn at the end of 1983, with the economy contracting by 4.9 per cent last year following a 5.5 per cent fall in 1986.

WORLD TRADE NEWS

Hungary and Israel set for stronger links

By Judy Dempsey in Vienna

TRADE between Hungary and Israel looks set to rise sharply over the next year following the visit earlier this month of a high-level team of Hungarian economists and trade officials to Jerusalem.

The visit, headed by Mr Istvan Szabo, the chairman of the National Council of Agricultural Co-operatives and manager of the highly successful Red Star co-operative farm, forms part of Hungary's cautious strategy of improving relations with Israel.

Except for Romania, all the countries of Eastern Europe broke off relations with Israel after the Six-Day War in 1967.

But over the past two years there has been growing speculation, confirmed by trends, that Hungary, Poland and Yugoslavia are now anxious to use economic contacts as one means of gradually improving, if not eventually normalising, relations.

The visit by the Hungarian delegation to Israel seemed to bear this out.

During talks with Israeli trade officials, Mr Sandor Demjan, chairman of the newly- formed Hungarian Credit Bank, said the Hungarian authorities were seeking joint ventures and a "major increase in trade".

In particular, he said Hungary was interested in acquiring "advanced industrial technology" for irrigation systems, cattle breeding, dairies and animal feed production.

But it is the dramatic increase in bilateral trade over the past year which shows the extent of the improving relations between both countries.

During the first half of 1988, Hungarian exports to Israel totalled $9m, an increase of about $1m for the whole of 1986. In 1987, exports to Israel topped $13m. The exports consist largely of farm produce, basic chemicals, electricity bulbs and engineering goods. The traffic is far from one-way. Israeli exports to Hungary, which include food processing equipment, reached $5m during the first half of 1988 compared with $8.6m for 1987.

During the visit, Mr Demjan said he thought trade could easily be quadrupled and reach $100m. The figure could even be higher. But because Hungary has no diplomatic relations with Israel, goods going in both directions are subject to import duties of between 15 and 45 per cent.

In a surprisingly frank assessment of bilateral contacts, Mr Demjan said that "the move by Hungary to break off relations in 1967 was a mistake with adverse effects on economic relations".

In a separate development, Malev, the Hungarian state airline, and El Al, the Israeli national airline, are holding talks about the possibility of establishing a Warsaw-Budapest-Tel Aviv flight.

Meanwhile Poland, which with Hungary, opened "interests" offices last year in Tel Aviv, also wants to expand bilateral trade contacts with Israel.

In June, Mr Josi Beilin, the Political Director-General of the Israeli Foreign Ministry, held talks in Warsaw with Polish officials. Discussions are also taking place about opening an air link between Warsaw and Tel Aviv. At present, only Romania and Adria Airways of Yugoslavia run regular flights to Israel.

For their part, the Yugoslav authorities recently confirmed that El Al would begin direct flights to Belgrade in the late autumn, thus paving the way for facilitating trade and tourism links between both countries.

Peking invests more abroad

FROM real estate in Florida to chickens in Australia, China is investing more abroad in a move diplomats and economists say is a sign of its growing role in the world economy, Reuter reports from Peking.

Earlier this month, Peking's oil trading arm, Sinochem (China National Chemicals), bought 50 per cent of the US West Coast oil refining operations of Coastal Corp CGP.

Sinochem did not give the price it paid for its stake, but for China it was a major step.

"This is another indication that the former Maoist ideological concerns are much less prominent," said a Western diplomat.

Under the late Mao Tsetung, China sought self-reliance, spurning economic aid and investment from the West and aiming to keep business links with the capitalist world to a minimum.

In 1978, China's leaders began a series of economic reforms, adopting ideas once shunned as capitalist to spur their creaking economy.

Peking has actively courted foreign capital and technology but has only more recently seen opportunities abroad.

"They (China's leaders) are hoping that they will acquire skills and capital that eventually will be useful in China," said a foreign economist.

A recent commentary in the official Communist Party newspaper, the People's Daily, said: "Investing abroad is in fact a way to make use of foreign capital."

A second diplomat said other benefits from overseas investment were a higher return on capital than in China and the opportunity for officials to go abroad.

Officials said a total of $36m of investments overseas were approved in the first half of this year.

Among China's most prominent investments abroad was the purchase of a 12.5 per cent interest in Hong Kong-based Cathay Pacific Airways by one of its most active companies, China International Trust and Investment Corp. CITIC alone has some 18 projects abroad, from a real estate venture in Florida to stakes in an aluminium smelter in Australia and a pulp plant in Canada.

Helsinki pays for Finnish export success

Olli Virtanen reports on concerns over Finland's huge trade surplus with Moscow

FINLAND'S huge trade surplus with the Soviet Union and increasing concern about a possible devaluation of the overpriced rouble have put the clearing payments system between the two countries under increased strain and criticism.

Often dubbed the "Japan of Europe" for its fast growth, Finland now knows the pains of export success. The country has to finance the bulk of the FM5.2bn ($1.15bn) trade surplus with the Soviet Union while the Finnish authorities have cut practically all exports to Moscow in order to reduce that surplus.

It is oil that keeps the engine of Finnish-Soviet trade running smoothly. And any disturbance affecting the supply or price of oil causes severe problems.

In short, the falling price of crude oil imports from the Soviet Union has brought the two-way exchange of goods down from the peak of FM38bn in 1983 to FM26bn last year and to FM11.3bn during the first six months of 1988. Meanwhile, Moscow's share of Finland's external trade has plummeted from 26 per cent in 1983 to 13.8 per cent during the first half of this year.

The collapse has wrought havoc in many industries, most notably in shipbuilding, which traditionally sells almost two-thirds of its output to the Soviet Union. The smaller footwear and textile industries, which export 70 per cent and 30 per cent respectively of their total production to the Soviet Union, have also suffered badly.

The biggest problem, however, has been a flood of export orders from Moscow. The drop in the world market price of oil may have brought a decline in Soviet imports, but it did not automatically cut Finnish exports. Consequently Finland has stacked up a huge current account surplus of FM5.2bn in unconvertible currencies.

That, of course, is just a book-keeping figure. No money ever changes hands in the bilateral trade. Payments are settled in the administrative "clearing rouble" and they are cleared in the Bank of Finland, the country's central bank, and in the Soviet foreign trade bank, Vnesekonombank.

A typical payment transaction to a Finnish exporter would go like this: the Russian buyer orders its bank to send a payment order through Vnesekonombank to the Finnish commercial bank used by the exporter. The Finnish bank, after charging a commission, sends the payment order to the Bank of Finland which, after taking its slice, pays the company in Finnmarks.

Before the exporter can sell his goods to the Soviet Union, he has to apply for a permission from the Finnish Licence Bureau, which oversees the annual trade agreement. The bureau has now stopped practically all exports to Moscow in order to reduce the surplus by the end of this year.

Some companies are not even able to fulfil their long-term delivery contracts, to the anger of many prominent Finnish businessmen, including Mr Yrjo Pessi, chief executive of Kemira, the state-owned fertiliser and paints group, who blames the bureau for making Finnish companies seem unreliable in international trade.

The payment orders have piled up at the central bank, boosting its tied currency reserves to FM3.2bn ($720m) at the beginning of August, up from FM1.3bn at the end of 1987. On the top of that there is FM2bn worth of surplus transferred to a special account on which Moscow pays a 6 per cent interest rate. The tied reserves amount to an interest free loan to the Soviet Union.

In effect the surplus also subsidises Finnish exporters. The Bank of Finland pays out more to Finnish exporters for their clearing roubles than it gets back in payments from Finnish importers who want to buy clearing roubles in order to pay for Russian products. Thus the central bank, and subsequently the Finnish economy, has to shoulder the "excessive" exports in financing costs. The net effect of the surplus is more difficult to estimate. It has provided work in Finland and helped the country maintain solid growth throughout the decade. But all Finns agree that the situation cannot continue.

Negotiations to correct the balance are about as frequent as trains leaving Helsinki for Moscow. Both parties are very reluctant to cut the volume of trade, which would be the obvious way to correct the imbalance.

Russians and Finns alike also cling to the bilateral trade principle. Russians wish to maintain good trade relations with a producer of Western goods that does not require Western currency. Finland is Moscow's second biggest Western trading partner with 15 per cent of the total, second only to West Germany.

Finnish industry is unwilling to change to the hard currency basis for fear of losing business. They have not forgotten the example of Austria which abandoned the bilateral principle with Moscow and moved over to hard currencies at the beginning of the 1970s. As a result the Soviet Union has used the schillings earned to buy more goods elsewhere, leaving Vienna with a considerable deficit in its Soviet trade.

Finland has a similar experience with Poland. Conducted in hard currencies, the trade between the two countries is very much lopsided in Poland's favour.

After the Second World War the Soviet Union made bilateral trade agreements with practically all its trading partners, Eastern and Western alike. Today Finland is the only remaining Western country that has the barter pact in use.

Finnish negotiators, particularly the central bank, are adamant that Moscow should pay proper interest on the surplus. Furthermore they wish to insure the surplus against a possible devaluation of the rouble, which is probable if and when Moscow makes its currency convertible.

The value of the clearing rouble fluctuates on a weekly basis, roughly following the dollar, but Finnish exporters regularly hedge their claims with forward agreements. (As another effective way to stop Finnish exports, the Bank of Finland recently denied all forward arrangements in the Soviet trade.) The central bank cannot secure the total surplus against currency fluctuations without a special clause in the clearing agreement.

For the moment, neither party is willing to abandon the cosy trading system. However, perestroika, or restructuring of the Soviet economy, may indirectly bring about changes. Moscow plans to join international organisations, such as the General Agreement on Tariffs and Trade and the International Monetary Fund, which forbid bilateral trade agreements between two member-countries.

While Gatt lacks the leverage to enforce the principle, the IMF can and will stop such pacts. The Soviet Union may well face a choice between the IMF and the bilateral trade with Finland. It is clear Helsinki would come second in that competition.

South Korea to reduce average tariff rates

THE South Korean Government announced yesterday that it will lower average tariff rates on 2,677 items from 18.1 per cent to 12.7 per cent by next year and gradually to 7.9 per cent by 1993, AP-DJ reports from Seoul.

The Finance Ministry said the Government will maintain high duties on imports of livestock and farming products, as well as ball bearings and plywood.

The ministry first introduced the tariff reform bill in June, and completed discussions with the Government on the bill yesterday. If enacted, the bill's provisions will take effect next year.

The legislation calls for continuing the present tariff rates on 320 items, or 12 per cent of the total, 131 livestock and agricultural products, and 54 industrial goods, the ministry said.

The current tariff rates will be maintained for lactose (20 per cent), beef and chicken (30 per cent), milk (40 per cent), garlic, onions and red peppers (50 per cent), and fruit (50 per cent).

The reductions in the tariff rates and a special excise tax are likely to trigger a cut next year in the domestic consumer prices of jewellery, furs, electronic organs, golf equipment, videotape recorders, quality watches, movie projectors, quality cameras, and wine, according to the ministry.

China economic zone ahead on property policy

AFTER nearly a year of experimenting with free-market tools such as land auctions and tenders, the Government of China's Shenzhen special economic zone has found strong demand for property in the zone, AP reports from Shenzhen.

Shenzhen is moving quickly to translate its experiments into permanent Government policy to make sure this property flows efficiently to eager buyers.

Shenzhen was set up in 1980 to attract foreign investment. So far, the zone has restricted its free land market to office and commercial sites and private housing developments.

Japan may study impact of EC on car industry

JAPAN'S Government and the nation's car industry are expected to set up a study group to assess the possible impact of a unified European Community (EC) market on Japanese motor vehicle manufacturers, a Japanese trade official said yesterday, AP-DJ reports from Tokyo.

The official, at the automotive division of the Ministry of International Trade and Industry (Miti), said the group will look into the "advantages and disadvantages" of such a unified market for Japanese car makers.

He indicated Japan was primarily concerned about the fate of existing restrictions on Japanese motor vehicle exports to different EC countries and unofficial Japanese restraints on overall shipments to the EC.

Automotive industry officials apparently fear the unified market the EC plans for 1992 may make exporting vehicles from Japan more difficult and costly.

The Miti official said that car makers including Toyota, Nissan, Mazda and Honda are assigning officials in charge of European operations to the study group.

The group is scheduled to hold its first meeting in early September and is planning to meet regularly, the official said.

Plessey wins fight for Nato defence project

By David White, Defence Correspondent

PLESSEY, the UK defence and electronics group, has won a battle against Cossor Electronics, subsidiary of the US company Raytheon, to lead the British side of a Nato-wide identification project designed to reduce possible confusion between friendly and hostile forces.

Total British contracts, including subcontractors, are expected to be worth about £500m up to the end of the century.

The Ministry of Defence's appointment of Plessey's avionics arm as lead contractor is the last of a series of nominations by major European allies under the Nato Identification Sytem (NIS) scheme.

The project has been under discussion since the early 1970s.

Each country was given responsibility for it own feasibility studies, project definition and development of its own equipment.

The NIS project, which is expected to cost in the region of £10bn overall, is designed to replace current IFF (Identification Friend or Foe) systems, which are regarded as outdated, unreliable and easy to jam.

The UK company is now under instruction to discuss a possible link-up with Siemens, the West German lead contractor, on future work.

Compatibility within West Germany is seen as especially crucial because of the concentration of forces there.

Thomson CSF of France, Italtel of Italy and Ceselsa of Spain have already been appointed to head national programmes under the scheme.

A US contract is currently under competition. The planned new family of systems, for use in the air, at sea and on land, is designed to be more accurate and technologically secure than current equipment, and to be fully "interoperable" within Nato.

Cossor, the main UK supplier for the current Mark 10 IFF system, indicated that it still hoped for a significant share of the business.

Plessey and Cossor were linked at an earlier stage of the project in a joint company, Identification Project Partners.

Chunnel builder faces penalty for mounting delays

By Kevin Brown, Transport Correspondent

EUROTUNNEL, the Channel Tunnel group, said yesterday that it had issued a formal warning to Transmanche-Link (TML), the construction consortium, over mounting delays.

The warning is the first towards a claim for compensation by Eurotunnel, which claims TML is 13 weeks behind schedule in the UK, and around 12 weeks late in France.

Eurotunnel is a consortium of the Channel Tunnel Group of the UK, and France Manche of France. TML is a joint venture of five British and five French construction groups.

Eurotunnel says TML met its first deadline, for the start of work on the service tunnel from the UK, but started late in France and failed to complete one kilometre of tunnelling on the French side by the agreed date of July 1.

It was "very unlikely" to meet the next deadline, which is for the completion of five miles of tunnelling from the UK by November 1.

Eurotunnel said: "Nothing irrecoverable has happened yet, but TML are not yet managing the tunnelling programme to our satisfaction, hence the formal notice.

"TML has made changes in line management, but we wish them to present their plans for sufficient progress to maintain the construction programme."

Eurotunnel said it would claim "advanced liquidated damages" under its contract with TML if the construction consortium failed to meet the November deadline.

This is a fixed sum agreed when the contract was signed. It is intended as a penalty to discourage slow working, rather than an attempt to recompense Eurotunnel for lost income caused by a delay in bring the tunnel into use.

Eurotunnel refused to disclose the size of the penalty. But the company said: "It is not just peanuts. It is cause for TML to worry. That is why they will have to come back to use with some serious answers."

Eurotunnel said it did not expect the delays to affect its plans to draw the first tranche of its £5bn bank borrowings in the autumn.

Mr Andrew McDowall, chief executive of TML, declined to respond to Eurotunnel's announcement. But TML released a letter from Mr Alastair Morton, joint chairman of Eurotunnel, warning the consortium not to comment.

National Freight agrees compromise votes deal

By Kevin Brown, Transport Correspondent

NATIONAL FREIGHT Consortium yesterday announced the terms of a compromise agreement with the Stock Exchange which will give its employee shareholders a double vote in any future takeover battle.

The agreement clears the way for the employee-owned group to come to the market by way of a listing in the spring.

The NFC's 40,000 shareholders voted to go public six months ago, but the Stock Exchange refused to accept the board's plans to give each employee shareholder an individual double vote in the event of a takeover bid.

This provision was intended to give the company the benefits of access to the market, while ensuring that it remained under the control of its workforce.

The Stock Exchange objected because the arrangement would have created a special class of shares which would have had two votes in the hands of an employee, but only one if sold to an outsider.

The compromise deal will allow NFC to vest a single special share to be voted in direct proportion to employee shareholders, effectively retaining the double vote for employees but not conceding a two-tier share system.

Tighter Ulster security measures under way

By Our Belfast Correspondent and Tom Lynch in London

ADDITIONAL security measures will be taken to combat the IRA in Ulster following the weekend bomb attack which killed eight British soldiers in Tyrone, Mr Tom King, Northern Ireland Secretary, said yesterday.

Mr King, said after visiting survivors of the bombing at the Tyrone County Hospital in Omagh, that the Government would never capitulate to terrorists. "We are reviewing a number of issues. Action will be taken. We will pursue the terrorists in the most effective way we can.

Mrs Margaret Thatcher, the Prime Minister, and Mr King are to meet this week to discuss possible measures. Neither minister gave any hint of what steps were being considered.

"You do not tell your enemy what you are going to do," the Prime Minister said during a visit to Devon.

"We must never let the terrorists win," she said. "That is why we are having a thorough review of all matters."

With internment of suspects without trial apparently ruled out by ministers' scepticism about its effectiveness, it is thought that a strengthening of troop numbers in the province, currently standing at 10,200, is under consideration.

Mr Tom King in Ulster yesterday where he visited soldiers injured in the weekend bomb attack

In a day of hectic political activity in Ulster, the Rev Ian Paisley, Democratic Unionist leader, claimed that the main Omagh to Ballygawley road, where the soldiers died, was out of bounds for troops. The allegation was immediately rejected by the RUC.

Mr Paisley alleged that some parts of the border were "no go areas for troops" and said it was time the security forces reasserted their authority in those areas. He said he had toured the border last week and had found little evidence of a high security profile.

ICI to raise capital spending sharply on bulk material output

By Peter Marsh

IMPERIAL Chemical Industries, Britain's biggest chemicals company, plans to spend £300m a year during the early 1990s on capital investments related to bulk-materials production, a rise of 50 per cent, on present annual spending.

About half the cash will be spent at the company's oveseas plants, mainly in Europe and the US. The remainder will be spent at ICI's main bulk-chemicals manufacturing sites on Teesside in north-east England and Merseyside in the north west.

The investment programme will focus largely on raising the output of existing production facilities and on cutting waste material emissions to comply with stiffer environmental laws.

Relatively little money will go towards building new plants. The investment is therefore unlikely to create many new jobs.

The ICI plans, drawn up over the past few months, reflect cautious optimism across the chemicals industry about future prospects after a difficult period since the early 1980s.

Many companies, ICI among them, have cut capacity and employment over the past few years following the industry's steep recession at the start of the decade.

Rising demand in the past two years has lead to an increased desire to sanction big investment programmes, although not on the scale of the 1970s. The sector then contributed to this decade's overcapacity by building too many plants, according to many in the industry.

ICI's programme will affect activities in its chemicals and polymers group, the company's biggest subsidiary which is responsible for two-fifths of its £11bn annual output. The group is responsible for all of ICI's production of bulk materials made from basic chemicals like ethylene and chlorine.

The chemicals and polymers group is a world leader in making commodity plastics, industrial chemicals and fibres - areas of chemicals where growth rates are lower than those in the more specialist chemicals fields such as drugs and agrochemicals, but where profitability has in the past two years returned to reasonable levels.

N.Americans 'enjoy best spending power'

By Ralph Atkins, Economics Staff

CITIZENS in the US, Canada, Norway and Switzerland have the greatest spending power within the 20 states of the Organisation for Economic Cooperation and Development, official UK figures indicate.

Calculations by the Central Statistical Office also show that Britons have more spending power than Austrians, Belgians and Italians.

The figures indicate that the gross domestic product per capita in the UK compares more favourably with many other countries if exchange rates taking into account differences in purchasing power are used. The usual method is to use market exchange rates.

The CSO estimates use purchasing power parities - the exchange rate which would have to prevail if money, changed from one currency to another, were to retain the same purchasing power.

Using market exchange rates, for instance, GDP per capita in 1987 in Italy was 12 per cent higher than in the UK. But using purchasing power parities, UK citizens turn out to be slightly better off.

Market exchange rates do not allow fully for price differences between countries. The number of pounds sterling which would buy a selection of goods and services in the UK, will not necessarily buy the same selection elsewhere.

The CSO says that if GDP per head is calculated using purchasing power parities, comparisons between countries better reflect relative living standards. They are also distorted less by short-term movements in market rates.

The results generally show Britons to be wealthier than might otherwise be thought. GDP per capita in the UK turns out to be higher than in Italy, Austria and Belgium where market exchange rates would suggest it was lower.

Out of 20 countries in the Organisation for Economic Cooperation and Development covered by the CSO, Britain rises from fifth from the bottom to eighth from the bottom.

The CSO says there is also less variation between country when purchasing power parities are used. This means the gap between Britain and more affluent countries is lessened.

One notable difference is with Japan. Market rates would suggest that the Japanese are 68 per cent better off than UK citizens; CSO estimates show a difference of just 7 per cent.

GDP PER CAPITA (UK=100) 1987

	At market exchange rates	At PPP* exchange rates
UK	100	100
Belgium	121	95
Denmark	171	108
France	135	104
W Germany	157	109
Greece	40	52
Ireland	70	59
Italy	112	98
Luxembourg	142	118
Netherlands	126	101
Portugal	32	51
Spain	64	79
US	155	149
Canada	138	140
Japan	168	107
Austria	134	96
Finland	153	105
Norway	171	127
Sweden	163	113
Switzerland	223	130

*Purchasing power parity

Source: Central Statistical Office

What you see below is Biometric Security in action. The operator stretches out his hand. He places it on a measureplate in front of him. A three-dimensional image of his hand is then calculated. It takes into account the distance between fingers, palm thickness, even the translucency of his skin.

If the image matches his pre-recorded one, he is granted access to the computer.

Biometric Security devices authenticate a person's identity by matching a unique physical or behavioural characteristic.

Currently there are six types available. Hand geometry, retina scans or the 'eye

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Yet regrettably they are employed in relatively few companies. That in itself gives just cause for concern.

But consider this: Computer fraud is just the tip of a £5 billion fraud iceberg.

It is a fact that the majority of frauds are committed by disgruntled employees. That 75% of all frauds are for sums no more than £25,000. And that most frauds are discovered by accident or by tip-offs.

Unfortunately it is also true that many companies seem to have adopted a 'head in the sand' attitude to the whole problem.

They believe that their security is quite sufficient already. And that it is hardly management's responsibility to act as their employees' conscience.

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Credit controls urged to help close trade gap

By Richard Donkin

A SHARP FALL in British export growth revealed in a business survey could lead to a wider trade deficit unless the Government moves to curb the credit boom with measures other than higher interest rates, the Association of British Chambers of Commerce warned yesterday.

The association's national survey of 3,015 companies shows a dramatic fall in the balance of those reporting increases in export orders during the second quarter.

London manufacturing exporters reported a marked fall-off in export orders. While a balance of +30 per cent reported increased export orders in the previous quarterly survey, the balance had tipped to -1 per cent in the last quarter. Other strong exporting areas also reported falls.

The export picture masks an otherwise optimistic report, with 57 per cent of companies confident of a growth in turnover. The association believes that the slackening in exports could reflect a lack of interest in exporting during the present domestic consumer spree.

This could be damaging if a strong pound supported by higher interest rates makes imports more competitive, said Mr Roger Burman, the association chairman.

A ½ per cent rise in interest rates does little to alter spending patterns, he said, but controls on credit, such as larger deposits for higher purchase and higher minimal payments on credit cards could restrain spending without hitting manufacturing costs.

Charting a rising curve with Elan

Kevin Done finds Group Lotus glowing about prospects under GM

THE DYNAMIC performance of Group Lotus's cars has not always been matched by a financial ability to stay on the road.

Little more than five years ago the British sports car and automotive engineering group was still worrying how to pay the next monthly wage bill.

But its balance-sheet worries were finally alleviated when General Motors took over the group in 1986. Now Lotus is changing gear in a bid to accelerate growth and more than triple turnover by 1992.

Far from being crushed by the size of its new owner - Lotus represented a trifling 0.07 per cent of GM's $101.8bn (£59.9bn) turnover last year - Mr Michael Kimberley, Group Lotus chief executive, claims the relationship with Detroit is "Utopian". Lotus has been left to operate independently but has been taken off the "cash-flow treadmill."

"To generate new cars on a non-existent budget was always a tremendous struggle," he says. "GM has not put any new equity into the company but it has given us the borrowing power to fund our aggressive five-year plan and invest the profits back into the business."

Late next year Lotus will launch a small sports car and re-enter part of the market it first tapped in the 1960s with the popular, if unreliable, Elan.

The new Elan will be followed in 1990/91 by a "supercar" aimed at challenging the best Ferraris and Lamborghinis.

The sports car, code-named M100, will extend the Lotus range from its present narrow offering of mid-range high performance sports and touring cars, the 150mph Esprit Turbo and the Excel.

It is thought that the new Elan will be front-wheel drive, powered by a 1.6 litre Isuzu engine developed jointly with Lotus, and will use an Isuzu transmission.

The supercar, codenamed the M300, is intended to provide a stylish platform for the latest products of Lotus engineering research and development. This is now the core of the company's operations and includes what is claimed to be its world-beating active suspension system.

Car output from the company's Norfolk manufacturing plant in East Anglia, set in the green acres of a Second World War US bomber base south of Norwich, is set to expand from a last year's modest 788 cars to 1,135 this year. Lotus intends output to hit 5,000 cars by 1993, with the Elan accounting for some 3,000.

Lotus hopes demand will still be at least three times maximum production, in spite of the expansion. "We are planning scarcity," says Mr Michael Kimberley, Group Lotus chief executive. "That is a key for our image in the future."

It is aiming to achieve a balance of car and engineering consultancy sales between Europe, North America and the Far East. The group is building a US headquarters in Atlanta as part of plans to raise US sales to 2,000 cars a year by 1993. In the first half of 1988 Lotus sold 172 cars to the US.

The Lotus workforce has already grown to more than 1,150 after having been pared down in 1983 to only 365 in the midst of the last major financial crisis. The new growth excludes the 220 employees added recently with the acquisition from GM of the 700-acre Millbrook proving ground near Bedford.

Mr Kimberley expects the workforce to stand at 2,200-2,300 by 1992. Turnover is planned to climb to £170m from £37.6m in 1987. Pre-tax profits fell last year to £603,000 from £1.9m in 1986, but Mr John Sandiford, finance director, expects a rebound to more than £3m this year as turnover exceeds £55m - divided about equally between cars and engineering consultancy - supported by a £45m engineering order book.

"This year will be the best in Lotus history by a mile and a half," he insists.

After years of losses the car operations may break even this year and Mr Kimberley insists they will be profitable next as they begin to reap the benefits of significant investment after 15 years of neglect.

Cars showed an operating loss last year of £1.2m on a £16.8m turnover against an operating profit of £3.5m from engineering consultancy on a £20.8m turnover.

Group Lotus is investing £32m-£34m of its £54m five-year capital spending programme up to 1992 on the car operation.

The spending is huge by Lotus standards, if chickenfeed in world car industry terms. It says much, however, about Lotus' low-cost, low-volume production methods in which the group uses composite plastic rather than steel bodies.

While the cars provide the glamour for the Lotus name, it is for its engineering skills that the world automotive industry is beginning to beat a path to its door.

Lotus claims that it is working for 20 of the world's vehicle makers on 53 different engineering projects. Many of them are shrouded by client confidentiality, but in a growing number of cases customers are using the Lotus link as a marketing tool.

For Isuzu of Japan, Lotus has re-engineered the steering, brakes and suspension of its Piazza coupé - it is now labelled "handling by Lotus". For Chrysler of the US it has re-engineered an existing engine as a high performance unit. (Most famously, or infamously, one of Lotus's earliest outside engineering projects was the design and development of the ill-fated De Lorean car.)

Lotus pins its highest hopes on development of its computer controlled active suspension, which Mr Kimberley claims will "revolutionise the transport industry". Lotus says it has a world lead in the technology, which it developed out of work with its Formula One racing team, although it admits that Daimler-Benz of West Germany is close on its tail lights.

Lotus says active suspension will dramatically improve car handling by reacting in thousandths of a second to changes in road surfaces or to the demands placed on a car by its driver. Computer-controlled hydraulic rams replace the springs and they flex to smoothe out the ride, like a downhill skier's legs.

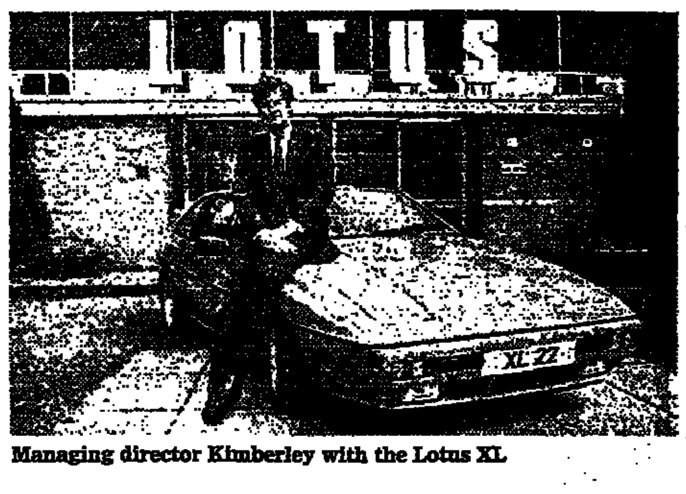
The system even allows cars to bank into corners like a motorbike. "You get 15-20 per cent more cornering capacity," says Mr Kimberley.

It was GM's desire to protect its access to Lotus' expertise in this area that led the US group to take over the company. Lotus is now working with different manufacturers on 12 separate development projects for active suspension and Mr Kimberley claims to have "six more potential clients queueing".

The system is expected to be introduced in limited volumes on a GM car in 1990, while Lotus itself will launch active suspension on its M300 supercar. It is commercialising the system with Moog, the leading US manufacturer of servo systems, in a 40/60 joint venture Moog-Lotus Systems.

Lotus is also demonstrating systems for its anti-noise technology, whereby computer controlled soundwaves act to cancel out other intrusive noise in the car such as low frequency engine boom, the low drone often caused at high engine speeds.

"I am trying to use creativity as a profit generator in the UK," says Mr Kimberley, "we create new technology, patent it and then license it to get it through to the bottom line."



Managing director Kimberley with the Lotus XL

Space agency gives UK ultimatum on science spending

By Peter Marsh

THE 13-nation European Space Agency has given Britain until the end of the year to review its decision to block a proposed 25 per cent increase in the agency's science spending by 1994.

The discussion over the agency's spending – which other member nations want to see raised from its current annual level of about £130m to £165m by the mid 1990s – continues a running argument between Britain and other European countries over space projects.

Last year the UK provoked a storm within the agency by being the only major ESA nation to stay on the sidelines of a series of industrial space projects costing £7bn until the end of the century.

Mr Arthur Pryor, the director general of the British National Space Centre, said yesterday that talks over the space science issue were continuing. He could not indicate how they would be resolved.

Britain's contribution to the ESA science budget is about 15 per cent, a proportion which would, under agency rules, stay the same if the new spending plans are approved. Any rise in the ESA science budget would, therefore, conflict with Britain's aim of keeping its overall space spending under tight reign.

Mr Pryor said that despite the difference of opinion between Britain and other ESA nations such as France and West Germany which are particularly keen on expanded European space programmes, he had received a fair hearing over the past few months from the rest of ESA.

Mr Pryor, previously a civil servant at the Trade and Industry Department, took over as head of Britain's civilian space effort in May. He took charge of a space centre set up three years ago which had been shaken by the resignation in August last year of Mr Roy Gibson, its first director general. This followed an argument with the Government over spending.

Mr Pryor said that Britain's annual civilian space budget over the next few years was likely to be about £130m. This is up from the current figure of £120m but is at least £50m short of the figure that Mr Gibson had campaigned for.

The dispute with ESA has not, however, prevented the agency from awarding UK academic groups important contracts connected with two ambitious European ventures in space science, costing a total of £350m.

The contracts, announced yesterday, involve construction of five spacecraft which will take off in 1995 to study the sun. They are part of ESA's Soho (Solar and Heliospheric Observatory) and Cluster space science programmes.

One of the five vehicles will monitor the sun and its atmosphere from a point midway between the sun and the Earth. The other four will stay in orbit around the Earth and analyse the stream of atomic particles emitted from the sun which make up the "solar wind" – a phenomenon which can have a big impact on the world's weather.

UK academic groups and companies are expected to gain work worth about £76m either building the space vehicles or providing instruments.

Compact disc sales advance

By Hugo Dixon

SALES OF compact discs are continuing to grow fast, but the rest of the record industry is stagnating, according to the latest figures published by the British Phonographic Industry, the trade body.

During the year to the end of June, 22.3m compact discs were sold, a 74 per cent increase on the previous year.

Much of the expansion was in sales of inexpensive CDs and, as a result, the value of sales grew by only 58 per cent.

The pre-recorded cassette market grew by 20 per cent in value to £197m, but by only 3 per cent terms of volume.

BPI says the total market is growing at 20 per cent a year.

European business air fares 'too dear'

By Michael Donne, Aerospace Correspondent

MANY BUSINESS air travellers believe that European air fares are much too high, and that new classes of rates especially tailored for businessmen, with much greater flexibility of operation, should be introduced.

These broad conclusions emerge from a new survey of business travellers' habits and preferences, conducted among a sample of 106 business travel managers by the Civil Aviation Authority, covering some 100,000 business round-trips a year. Overall, says the CAA, UK businessmen make some 2m international round-trips every year.

The broadest conclusion emerging is that the majority of businessmen travelling by air have firm preferences for the standards of comfort and service they require, but these can vary widely depending upon whether the routes flown are long or short-duration.

On short-haul routes, most businessmen rated flexibility of services as the most important element of air travel, with pre-flight check-in and advance seat selection as the next most important feature.

But for long-haul travellers, in-flight seating comfort was considered most important, with fare flexibility coming second.

Across the sample, the managers appeared broadly content with the standards of service offered in Executive/Club (business) classes by the airlines, "and indeed were generally prepared to see some features enhanced even at greater cost."

A majority of European travellers – about 70 per cent – were dissatisfied with the levels of European fares, with a strong preference emerging for greater flexbility, with the provision by the airlines of "unrestricted tourist class fares" especially mentioned.

Many business travel managers thought the airlines ought to introduce a new grade of cheaper European short-haul Advanced Purchase Executive/Club class fares, together with a more flexible range of Advanced Purchase Excursion (Apex) fares and unrestricted Tourist/Economy fares.

At the same time, many business travel managers thought the the airlines ought to introduce some form of season ticket travel or bulk-discount fares for frequent travellers.

The report only examines the responses to the survey questions, and does not indicate what the CAA intends to do with the answers.

But clearly it will now have some significant new information to help it in dealing with applications from airlines for new types of business services, especially on short-haul routes.

It is also likely that major airlines will study the survey, and use it to formulate new fares policies for the future.

Business Air Fares, a UK Survey: Civil Aviation Authority Paper 88015; CAA, London, £3.75.

Property prices start to level off, survey says

By Paul Cheeseright, Property Correspondent

THE DIZZY RISE of the residential property market in Britain appears to be slowing, according to the results of a survey of 185 estate agents carried out by the Royal Institution of Chartered Surveyors.

An end to the rush of buying aimed at beating the August 1 deadline for the end of double tax relief on mortgages, a system which allowed two borrowers to claim relief on one loan, is given as one reason for the slowdown.

The start of the summer holiday period has also led to a levelling off of prices in the London market and a slackening of demand in other areas.

In its quarterly survey covering the three months to the end of July, the RICS noted that in the London area nearly 30 per cent of agents reported no price changes. The remainder reported price increases of up to 5 per cent during the three months.

Outside Greater London, however, nearly a half of the agents reported price rises of 8 per cent. But the RICS thinks that any trend towards lower asking prices in London will be reflected in the provincial market over the coming months.

The rise in interest rates does not appear so far to have had any significant effect.

Accountancy services

The Big Eight: on the horns of a dilemma

Richard Waters on the ambivalence of large firms towards small

Large accountancy firms have been rethinking their services for small businesses, with markedly differing results. Many companies are likely to notice a change in their relationship with their accountants as a result.

At one extreme Deloitte Haskins & Sells, one of the profession's "Big Eight", has shifted its sights almost exclusively onto the large company market and has sold or closed a number of offices serving small businesses, though it still thinks it has something to offer the occasional exceptional entrepreneur.

At the other extreme, Coopers & Lybrand is about to launch a range of services for small businesses based on advisory skills and "products" developed initially for the large company marketplace.

There is one underlying factor which binds these extremes. The large firms are now interested only in clients which have a need for a range of specialist (and often expensive) advisory services. Otherwise, small companies would be better served by small, local firms of accountants.

This is a significant change from earlier this decade, when the large firms made a well-publicised play for the small company market.

That assault failed for a number of reasons. In some cases, neither the products on offer nor the delivery were right. And the price of buying an hour of a partner's time has always been considerably above that of smaller accountancy firms.

The large firms' change of heart (they prefer to call it a "refinement" of their strategic plans) is explained by the economics of their particular business structures. They carry the hefty central overheads of support services developed mainly for large national and international clients. The small client has to make a contribution to these.

To bear these central costs and still make a good living for their partners, large firms are forced to increase the ratio of fee-earners to every partner.

There are about 12 staff per partner in a large firm, compared with about five in a smaller one. Small firms claim, with some justification, that this means their clients receive more partner attention.

Further factors are the high cost associated with generating new clients, and the lower margins available on small company work.

Firms need their small business client base, since this usually contains in embryo a number of their large clients of the future.

But, according to Barry Baldwin, national director of independent businesses at Price Waterhouse, his firm writes off between a third and a half of its fee on new clients. "We are a profit centre and we make a profit – but not as high as other areas of the firm," he says.

Price Waterhouse's fee for a new client is often fixed at a flat rate of £5,000, to avoid deterring potential clients with the high hourly rate of a large-firm accountant. (Big Eight partners cost at least £100 an hour anywhere in the country, while a London-based specialist consultant comes out at more like £200.) After a one or two year honeymoon period, though, Price Waterhouse expects clients to be paying the full rate for its services.

Taking these factors into account, the large firms have all come to roughly the same conclusion. A good small business client is one that needs high-value services, and which does not mind paying premium rates to get them.

The key word on all the marketing men's tongues is "growth"; without it, companies do not generate the sort of management and financial problems that the big firms think they are good at sorting out.

"The business that slows down or starts to stagnate is not one we are likely to maintain a relationship with," says Baldwin. He might have added that the same goes for a small company that thinks its accountants are only there to audit its books and fill in its tax return.

The range of services on offer to small companies is focused on business planning, marketing, corporate finance, human resources and tax advice, with audit tacked on as a necessary evil.

Each of these is potentially a huge market. For instance corporate finance – helping companies to raise money or buy and sell businesses – is something that small companies have usually done themselves, without the help of outside advisers.

A survey published last week by Peat Marwick McLintock showed that, in three quarters of the acquisitions of companies of between £500,000 and £10m which took place in the first quarter of this year, no outside advisers were used at all.

Most small companies handled their own negotiations, made their own evaluations of price, and arranged whatever finance was needed.

Large accountancy firms have failed to meet needs like these. According to Peter Court, a partner in the business services division of Coopers & Lybrand: "It's typical of all large consultancies. They haven't seen family businesses as potential clients."

Coopers' answer, to be announced in detail next month, is to scale down large-company services and package them for small businesses. Like others, it is using generalist partners in its small business unit – almost a small firm within a large one – to deliver this range of products, rather than calling in specialists from its consultancy division.

One firm stands conspicuously outside this pattern. Peat Marwick McLintock, the country's largest firm, has concentrated on developing generalist partners (as opposed to the more narrow specialists of other firms) and has in the past resisted the fragmentation of its business into a range of isolated practice units. As a result it has less of a cultural barrier to overcome.

Its financial structure may also be an advantage. Peat has four regional partnerships in the UK, rather than the single national partnership of the other firms.

This means that regional offices outside the south-east are under less pressure to deliver the high returns demanded of other firms. It is consequently less stringent in its focus on fast-growing companies to the exclusion of all others.

Smaller accountancy firms can also afford to take a less narrow view on their potential clients. The static company, after all, still needs accountancy services, though generally in a different range.

"Most of my clients now look to us for help with drawing up their management accounts and commenting on them during the year," says Clive Parritt, managing partner of Baker Tilly.

This finance director role is not one that firms were providing for small companies 15 years ago, he says. With good finance directors thin on the ground and commanding high salaries, there is a natural market for an outsider to provide these services.

The owners of static, profitable family companies also have a need for investment and other types of personal financial planning advice – all things that make them a worthwhile proposition. "There are still a lot of specialist service opportunities," says Parritt.

Only a genuinely local firm, however, has the sort of overhead structure that allows it to concentrate profitably on the basic business of accountancy: the provision of audit, tax and general financial advice to the vast number of small family companies which have no ambition ever to be floated on the Unlisted Securities Market or takeover another company.

For these firms the opportunities are enormous, says Hugh Aldous, managing partner of Robson Rhodes, another national firm whose target market has become the fast-growing company.

Reminders or free credit?

Richard Waters on the problems of debt collection

Does your invoicing policy encourage your customers to pay their bills late?

If your practice is to send a string of reminders before taking tougher action, then the answer could be yes.

This is the message from Bo Goranson, whose company, Justitia International, claims to be the biggest debt collection operation in Europe. He estimates that the average debt in the UK is at least 25 days overdue, and that companies should bear much of the blame for this.

A survey carried out last month by Justitia among UK companies with between 11 and 200 employees showed that almost all contract to be paid within 30 days, but only a quarter actually receive their money within this period.

Tardy customers should be sent no more than one reminder, says Goranson. Otherwise they come to see the period before the last in a series of reminders as an invitation to an interest free loan.

The experience of companies which have tried this is mixed. British Telecom no longer sends two reminders to its 23m customers, but follows up its bills in most cases with a final notice 21 days later. This has had "no significant impact" on overdue payments though, a spokesman says.

So what do you do when customers don't respond to the tougher approach? Justitia's answer, naturally enough, is call in the debt collectors. Not many companies do, largely because of the adverse image under which debt collectors have been labouring for generations.

Only 12 per cent of companies in the survey use a debt collector, compared with 36 per cent which take legal action of one kind or another. Debt collectors claim they are cheaper and more efficient than lawyers (the cost is about 5 per cent of the amount collected).

The debt collecting business is small and fragmented in the UK. It is ripe for development, claims Justitia, which plans to bring its big-business approach to debt collecting, already a success in a number of European companies, to the UK by 1990.

In brief...

■ The London Enterprise Agency is starting its seventh Design Enterprise Programme on October 10. Aimed at teaching design graduates how to run a business, the course, which is free, has been running for 2½ years and more than 80 per cent of participants to date are still in business.

The course is designed for those graduates aiming to become self-employed. It provides a four-week training period and a further six weeks for market research. Each student receives up to £500 trvelling expenses from the Training Commission and is assigned a personal tutor to help get the business off the ground and find premises and finance.

Details from LEntA, 4 Snow Hill, London, EC1A 2BS, or phone Trudy Upton on 01-236 3000.

■ Cambridge Venture Management has merged with Shepherd & Jones, recruitment and personnel consultants of Bury St Edmunds in a move aimed at strengthening the science park company's management development resources.

CVM, which takes equity stakes in its clients' businesses, sees the deal as a way of merging its experience of the problems of fast-growing ventures with Shepherd & Jones' record in industrial psychology and executive search.

■ The Cranfield School of Management has devised a "payment by results" programme designed to help entrepreneurs achieve substantial growth. Called the Business Growth Programme, it is run on a part-time basis over three months. During this time participants will be helped in devising a strategy and three-year plan.

The course embraces such subjects as raising both loan and equity capital, managing change, team building, leadership and financial control. Anyone having had full executive control over a business which has been in operation for at least three years — and with an annual turnover of less than £10m — is eligible for the programme.

Cost of the course is £3,000, with an option of paying the fees up front or by mandating up to 0.5 per cent of the value of their company's sales growth over the three years following completion of their programme. Cranfield expects to break even at about 25 per cent compound annual growth, so participants can expect to double the size of their business in little over the three years, according to Cranfield. Sponsors of the programme include British Technology Group, ECI Ventures, Ernst & Whinney, Lloyds Bank and the Training Commission.

Further details from Colin Barrow, the Course Tutor, or Gill Marshall, at Cranfield School of Management, tel: 0234 751122.

■ A second edition of the Conqueror Small Business Handbook, updated in response to a questionnaire carried out among 1,000 small firms, has just been published by the Wiggins Teape Fine Papers, part of the Wiggins Teape group.

The publishers say that the survey showed businesses with a turnover of up to £1m a year had frequently referred to the first handbook, but had also wanted information on Tax/VAT and the more legal aspects of setting up a business.

The handbook contains nine chapters covering subjects from starting up a business to marketing and employee law. The appendix contains addresses of some 100 existing initiatives and advice centres for small companies.

Copies of the handbook, which is free, are available from Helen Baker or Cara Gibson at Green Moon, 2 Kendall Place, London W1H 3AH. Telephone 01-935 0993.

■ From next month, young people in Derbyshire with a viable business proposition will have access to grants and low interest loans. As well as offering free advice and practical help the Derbyshire Enterprise Board is making £100,000 available, the money having been being provided through the Prince's Trust and the Atwell Trust.

Details from Liam Scollan, Derby Small Business Centre, Canal Street, Derby. Tel: Derby 384404.

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For further details contact the Joint Administrative Receiver, Ralph S Preece on (0532) 444741 or Angus Martin on (0532) 452922.

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For further details please contact the Joint Administrative Receivers, R.G. Ellis or A.M.D. Bird.

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TECHNOLOGY

First revs for the volume plastic car

John Griffiths reports on breakthroughs in the use of plastics to make vehicles

The first small family cars with thermoplastic bodies could be in showrooms in six years' time if vehicle makers firmly grasp the opportunities presented by new composites, according to General Electric's plastics subsidiary in Europe.

The company asserts that one of the biggest obstacles to the adoption of plastics for car bodies in high volumes – how to dispose of millions of non-biodegradable panels annually – has been overcome.

Meanwhile, overall production costs and practicality, even at volumes of 250,000 units a year, can already be competitive with pressed sheet steel, says Richard McKechnie, design and engineering manager at GE Plastics' European automotive centre in Bergen op Zoom, the Netherlands.

McKechnie leads the GE team which recently unveiled the Vector, a four-seater car incorporating thermoplastics – mostly a material called Noryl GTX. It is used for Vector's front and rear wings and tailgate outer skin.

Development work on the car is continuing under a three-stage programme which will eventually see even extensively stress-bearing body components replaced by plastics.

GE Plastics executives stress that they regard the Vector, a relatively innocuous-looking small hatchback, as important not for its design but for the fact that it was built with production and semi-production tools in order to demonstrate manufacturing viability.

The advantage of using plastic composites is that tooling costs are claimed to be only a fifth of those for metal-working equivalents. This opens the way for vehicle makers to bring out a greater variety of models more frequently, says Paul van Hoeve, GE Plastics' manager of automotive operations in Europe.

However, the most important difference between the thermoplastics used for the Vector's body panels and the more conventional thermoset materials, including the SMC compound to be used in General Motors' GM-200 "people carrier", comes in the recycling arena. Whereas the thermoset can only be chopped up or burnt after its life in a car, thermoplastics will melt down into a liquid again. The result, says McKechnie, is that "they are almost fully recyclable.

"Body panels, having done a good job of shaping and protecting the car in their first life, can then be melted down, but with the material still retaining a large percentage of its original properties. So in its second life it could become, for example, a part of the car's interior trim.

"And when that life is finished, the material could still be used for things like coffee-makers."

McKechnie suggests that there are so many uses for the by then low-grade plastics – for example pipelines – that it would be many years before a problem of disposing of surplus material began to appear. And, pointing to a clear plastic bag containing small, hard grey granules which were once a body panel, he says it is so inert "you could even fill holes in the ground with it."

The Vector: demonstrating the use of thermoplastics for some car body parts

With the Vector demonstrating the use of thermoplastics for some body parts, the onus now passes to the manufacturers to incorporate the material in production models.

The old problem of the length of time taken to lay up a plastic panel has now disappeared, says McKechnie, because the Vector's panels are simply stamped from Noryl sheet. The panels are not self-coloured, but can withstand the baking ovens of a conventional car paint plant without distortion or surface deterioration.

The inner tailgate skin, engine sump and rocker cover are injection moulded from composites produced through a joint venture between GE Plastics and the Pittsburgh-based PPG group. The tailgate is moulded from Azloy, a stiff material which is claimed to have saved 5½ kg in weight compared with a conventional pressed steel tailgate. Cycle time, even for the tailgate, is less than 60 seconds. Engine parts are moulded from another composite, Azmet.

In the second phase of the Vector's development, the plastic parts will include the bonnet, inner and outer door skins, the complex bulkhead between driving and engine compartments and the roof. Stage three will introduce more structural parts.

The manufacturing flexibility which comes with the use of plastics and the low tooling costs are other important factors in favour of the technologies being adopted for the cars of the 1990s, according to McKechnie.

However, like the US car makers now seeking government approval for joint research, McKechnie says there is still much work to be done on such questions as how composites behave in crashes, their long-term resistance to vibration and other engineering unknowns or half-knowns.

"We know that if the industry carries on making cars in the current way, tooling and other costs will become so high that we see some car makers going out of business.

"Equally, no manufacturer can afford to put an unsafe car on the road. So much does still need to be done – we need to establish what the limits are."

Anxious wait for the 'Big Three'

The US Federal Trade Commission is expected to rule soon on whether General Motors, Ford and Chrysler can join forces to research the uses of plastic composites in the motor industry.

The FTC's decision – either to approve the collaboration, or ban it on anti-trust grounds – is awaited by the country's "Big Three" auto makers with considerable anxiety.

General Motors now stands at the brink of a "world first" venture into producing a plastic-bodied passenger vehicle, a van-like "people carrier" code-named GM-200, in the unprecedented volume of up to 225,000 units a year. And GM, Ford and Chrysler, like their rivals in Japan and western Europe, are becoming acutely aware that advanced plastics could revolutionise car manufacture by the late 1990s.

The US producers' anxiety arises from bitter memories of intended collaboration on a crucial area of concern to the industry, exhaust emissions research. Co-operation of any kind was banned by the FTC under America's stringent anti-trust legislation in the early 1970s.

The delays, financial penalties and other disadvantages associated with the consequent duplicated research had the effect of holding back the US producers while a concerted and co-ordinated development programme was being carried out in Japan.

This time, the US manufacturers assert, the FTC should take more account of the internationally competitive climate in which the national industry has to operate. According to a GM spokesman, the necessary research would cost each of the manufacturers a third of the amount it would take to carry it out individually: "That is the way the Japanese do it."

They believe their chances of approval will be helped by the nature of some of the research they want to undertake – for example, into the environmental consequences of a switch to polymer-based composites by the world's single largest manufacturing industry.

The speed with which plastic composites have been developed and the many forms they take mean that no adequate databases exist yet on the materials, according to senior executives at Ford. Yet the importance of the composites is such that they could displace steel or aluminium completely in car bodies by the turn of the century – little more than two car generations away.

This view marks a change in attitudes from even a couple of years ago, when it was thought likely that the principal role of composites in car bodies, or at least those built in high volumes, would be to provide easily changeable panels to be attached to steel or aluminium "skeletons". The latter would provide most of the car's structural strength, as is the case with GM's GM-200 van.

However, both Dow Chemical and General Electric's composites subsidiary, GE Plastics, now stress their conviction that lighter, stronger skeletons can be produced from composites at costs competitive with those for metal.

Both companies are already closely involved in composite vehicle development. Dow is one of the suppliers for the GM-200 and both companies have played a key role in BMW's new Z-1 sports car to be launched shortly. The Z-1's vertical body panels are being supplied by GE Plastics' Dutch-based European subsidiary, while Dow is supplying its bonnet, boot and other horizontal panels.

GM's Pontiac and Chevrolet divisions are preparing to start joint production of the GM-200 in the first quarter of next year at a plant in Tarrytown, New York state.

Production methods will build on those pioneered in the Pontiac Fiero, a mid-engined sports car. At the peak of the car's popularity, Pontiac was building 100,000 Fieros a year. It proved that the Fiero's construction of steel cage and bolted-on composite plastic panels – a thermoset composite called SMC – was viable for medium-size production runs.

Falling sales led to the Fiero being killed off earlier this year. But the production concept, over which GM encountered no serious problems, has been developed further thanks to relatively low tooling costs.

WORTH WATCHING

Edited by Geoffrey Charlish

Diagrams of unseen circuits

PEOPLE who have to test, repair or assess electronic systems with which they are unfamiliar can obtain diagrams of circuit boards using the 1990 system from DCA Technology of the UK.

The 1990 is an automatic tester aimed at the repair and maintenance market where the original diagrams are not always available.

Device interconnections on the board are learnt by the 1990 using a new software package. By examining the interconnections and referring to a library of electronic components, the test system tells the user where to connect probes. It then draws a schematic diagram of what is on the board, indicating the logical function of each device.

Cars protected from pollution

SIEMENS, the West German electronics group, is offering the car manufacturing industry a device which will keep harmful external pollutant gases out of the vehicle in traffic jams or other hazardous places.

The harmful gases reduce the electrical resistance of a sensor, made from tin dioxide and palladium, giving rise to an electrical signal. This is amplified and used to shut the car's input air vents. Occupants will be protected, claims Siemens, even if the danger is caused by the cumulative effect rather than the immediate level.

A machine that checks products

IMAGE Inspection, a London company which has set out to produce a do-it-yourself machine vision system for product inspection in factories, has launched Q-Vision at less than £9,000.

The company claims that so far manufacturers have had to pay between £20,000 and £50,000 and then either train or employ someone to operate the system. Image Inspection says that with Q-Vision the complexity of implementation is similar to learning to use a word processor.

The machine can carry out inspection jobs that tend to be fatiguing or boring for human operators. For example, every biscuit emerging from an oven could be checked for size and shape at two per second, with automatic rejection of the substandard ones.

More complex visual decisions take longer. Powerful software development facilities are built in for designing and testing new inspection routines.

Q-Vision includes a camera, an image processing computer, a supervisory microcomputer, a keypad for production operators and two displays, one for the image and another for programming/operating text. All except the camera is contained in a single rugged cabinet suitable for factory environments.

The system is completely automatic and statistical information is continuously displayed.

Pillows filled with wool

SIMPKIN'S Wool, a New Zealand company, is making duvets and pillows out of wool, a material which would normally be regarded as too heavy for fillings.

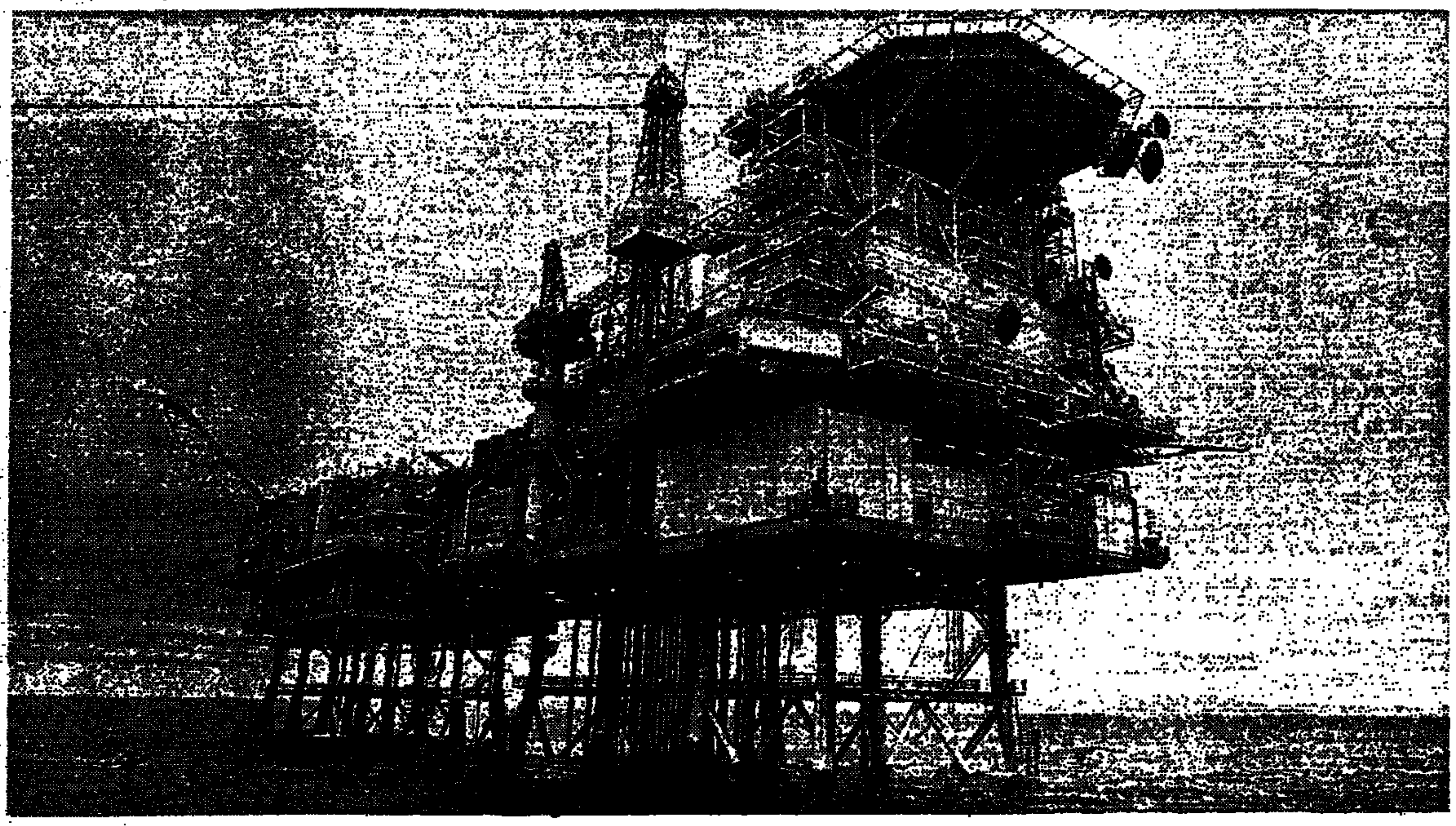
The company has developed a way of spinning the fibres into small hollow spheres. These are used in pillows to keep the filling soft and uncompressed by entrapping air and preventing the fibres from clumping together with use.

A similar method, involving crimping the fibres, is used for duvets. Good levels of comfort are claimed for the products, which are being supplied in the UK by T & T Marketing of Watford.

CONTACTS: DCA Technology: UK, 0420 84088. Siemens: UK office, 0932 752323. Image Inspection: London, 748 9898. T & T Marketing: UK, 0923 53214.

FINANCIAL TIMES SURVEY

Although the inquiry into the Piper Alpha disaster means that the year ahead will be a difficult one, the industry is unlikely to be thrown off course, writes **Steven Butler**, the author of this survey. Companies believe that North Sea oil will be profitable for many years to come.



Confidence returns

The UK Oil Industry

CONTENTS

Picture (Ashley Ashwood): The Thistle Field, operated by Britoil, subject to a £2.5bn takeover by BP this year

A *SURVEY* of Britain's oil industry six weeks after the Piper Alpha disaster, which claimed 167 lives, cannot fail to examine the implications of this worst accident in the history of the offshore industry.

It was the most important single event in the industry this year, and perhaps for many years.

Repurcussions from a disaster of such magnitude, with insurance claims likely to exceed £600m, are certain to be felt for a long time. It will raise costs for operations in the North Sea, and obviously lead to more rigorous safety and design standards for manned production platforms.

Yet in truth there is little more one can say about precisely what those repurcussions will be than was apparent in the days immediately after the explosion on July 6.

The safety record of Occidental Petroleum, operator of the Piper Alpha field, and the entire oil industry has come under intense scrutiny, with incidents of obvious lapses dredged up, sometimes with great relish, for public consumption.

It is right that this should take place and that Occidental and the oil industry should be called upon to defend their record. It is plainly unacceptable that 167 men should die in an accident that most experts in the industry admit they thought was a remote theoretic possibility.

In the end, however, the recitation of repeated incidents and accidents, which all operators have experienced, can shed little light on the Piper Alpha disaster until understanding of its causes has advanced beyond the initial statement that the explosion appears to have begun in a gas compression unit. This is currently under examination by a technical inquiry led by the Department of Energy.

And the broad safety performance of the industry is unlikely to be properly judged until the entire record is set before the public inquiry in Aberdeen and sifted through with proper technical advice.

One conclusion that emerges from the collection of articles in this survey is that the oil industry is unlikely to be thrown far off course by what has happened.

A far worse economic crisis, though obviously less tragic in human terms, hit Britain's oil industry with all the ferociousness of a severe tropical depression in 1986, when oil prices rapidly collapsed from peaks of over $30 a barrel to less than $10 a barrel.

In 1988, with the dollar having fallen from its once lofty perch, oil prices are not much better in sterling terms. Yet rather than move to retrench, slash budgets and cancel projects, the oil companies are stepping forward rapidly with excitement and a confidence that the North Sea will prove an excellent place to explore for and produce oil for many years to come.

Since the Piper Alpha explosion, both Amerada Hess and Enterprise Oil have made big North Sea asset purchases, and the disaster seems to have had little impact on prices.

When British Petroleum bid for Britoil late last year, in what became a £2.5bn takeover, it touched off a virtual scramble among oil companies to build up a position in the North Sea before all the freely-available parcels of assets are gone.

BP, Atlantic Richfield, British Gas, Elf Aquitaine, and London & Scottish Marine Oil Company (Lasmo) have all significantly augmented their positions; while Repsol, the Spanish oil company, walked away disappointed when Enterprise pre-empted an agreed deal with Texas Eastern. Repsol says it has not lost interest, and corporate finance specialists say a number of other deals are currently in the works.

Why this resurgence of interest in the North Sea, when UK production is set to decline irreversibly and at a time of weak oil prices to boot? What has happened cannot simply be explained as renewed confidence that oil prices are set to rise again, because there is no such confidence.

The simple answer is that confidence has blossomed that there is plenty more oil to be found in the North Sea, that the fiscal and political atmosphere will continue to be friendly to oil companies, and that technological processes will make it possible to produce oil ever more cheaply.

Mr Basil Butler, a managing director of BP, recently said BP believed another 8bn barrels of oil remained to be discovered in the UK continental shelf, or roughly half as much again as had already been found. It is a new, more optimistic, estimate that takes into account the recent exploration experience of oil companies.

The impact of Chevron's discovery of oil in the shallow eocene layers of the Alba field are continuing to reverberate through the oil exploration community. The reservoir, currently believed to contain some 300m barrels, with further increases still possible, is virtually invisible to the seismic eye.

It was found by accident, after being drilled through numerous times without realisation that an oil reservoir had been penetrated. Geologists throughout the industry are dusting off old seismic studies for hints that something may have been missed in older, heavily explored licence blocks.

The experience of Enterprise Oil is another telling lesson that hidden riches remain to be found. Enterprise found a 300m barrel reservoir in the Nelson field, after acquiring licence interests from partners who disagreed with Enterprise's interpretation of seismic data. The block had been under exploration for 20 years.

The search for oil is likely to be assisted by continued improvements in seismic resolution and, more important, by better computer techniques to analyse the mountains of raw data produced by seismic studies. Geologists have also accumulated an ever more complete picture of the layers of earth below the ocean.

Added to the excellent prospects for finding more oil is a perception throughout the industry that realistic planning is possible because of Britain's political stability. In some other regions of the world, oil companies must work with extreme nationalistic or unstable governments.

The Government's interest in oil production is twofold: to maximise tax revenues, and to maximise the broad economic benefits accruing from UK oil production.

These goals have been pursued in a pragmatic fashion, with the Government recognising in the end that oil companies must have the promise of substantial profit to compensate for the high risks of North Sea oil exploration and production.

The fiscal regime has proved highly responsive to fluctuating oil prices, so as not to discourage exploration excessively when cash flow from oil production declines.

The Government's pragmatic approach was well illustrated following the Chancellor's Budget speech in April, when he altered the allowance system for gas fields in the southern gas basic in order to tax fields based on profitability, and thus encourage development of more marginal fields.

The Treasury agreed to alter details of the scheme after oil companies had argued that the terms were set too tight for some producing fields. This sort of response helps to boost confidence among oil companies that they will not be driven arbitrarily to an impossible position.

Finally, as the articles in this survey make clear, Britain's oil service and supply industries have made a remarkable response to the constraints imposed by both lower oil prices and the smaller size of future development projects in the North Sea.

In the space of two years, the cost of operating there has plunged by roughly a half. This is partly a response to the forces of supply and demand, with service companies forced to slash prices as the level of work dropped off.

But many service and supply companies have learned how to make a profit at these lower levels by vastly improving management, with an eye to reducing costs at every juncture. Fat has been squeezed out of the industry, and the surviving companies are far more fit to compete, both at home and abroad.

To this has been added a surge of inventiveness as the industry seeks ways to reduce development costs by applying technology. A true industrial ferment is now taking place, which has brought the oil companies together with some of the most famous names in British engineering.

New products are being developed for the extremely harsh conditions of the North Sea, and this has put many British companies on the edge of technology worldwide. This promises to take British companies to new markets, both in the international oil industry and in non-oil related industries where the technology can be applied.

The next year will be a difficult one for the UK oil industry, as the public inquiry into Piper Alpha disaster puts it under intense public scrutiny. Dirty linen will be found, and there will be embarrassment because much of it will be presented without being put into context.The outcome of the inquiry is certain to have a significant effect on the course of the industry. But the momentum of change and innovation now is too great to be seriously diverted.

The independent sector is dwindling. Does it still have a role?

The case for small players may be difficult to prove

THERE IS something mildly refreshing in the attitude of Presidio Oil, a US oil independent that is building a substantial company by acquiring oil-producing properties which it believes it can operate at a profit.

When Presidio reaches a certain critical mass, say when it is capitalised at $500m, Mr George Giard, chairman, fully expects to be taken over by a big oil company looking for a significant addition to its oil reserves.

One would be hard pressed to find a similar sentiment among similarly-sized British companies, for whom staying independent appears to border on a moral imperative.

There are of course the usual arguments in favour of the sector – that the addition of a number of smaller players adds diversity, increases competition and leads to the discovery of more oil. The independents also argue that they are good at discouraging the gold-plating habits of their bigger partners in exploration licence blocks.

These arguments, in the end, are difficult to prove, even in the case of Enterprise Oil, which took the bold and risky step of acquiring a 100 per cent interest in a licence block late last year, and proceeded to find 300m barrels of oil where other companies had thought there was none.

Perhaps the oil would have been found eventually, possibly by Shell, which sits over the same structure in a neighbouring licence block.

But it was Enterprise that found the oil, a fact that in the end was less important as an argument in favour of keeping an independent sector than as one in favour of owning Enterprise shares, which have put in a sparkling performance this year. Market capitalisation has risen to roughly £1.6bn, making Enterprise a very substantial company.

With the management's reputation as dealmakers now enhanced by a record of actually finding oil, its shareholders will surely think twice before accepting a stingy offer from a predator, particularly one based on a discounted future cash flow valuation of the company's proven assets. Enterprise has now shown it is capable of enhancing the value of those assets.

Enterprise's shareholder loyalty could well be put to the test in the coming year as a complicated chain of shareholdings unravels following the decision by RTZ, the mining group, to leave the oil exploration and production business.

RTZ sold its own portfolio of assets to Elf Aquitaine, the French oil company, in a £308m deal, but it continues to hold a 29.8 per cent stake in London & Scottish Marine Oil (Lasmo).

RTZ now intends to sell the Lasmo stake. Precisely how this sale takes place is likely to determine the structure of the UK independent sector, or indeed whether a significant independent sector survives. It has already dwindled rapidly in the wake of the takeovers of Britoil, Tricentrol and Acre Oil. Acre, in fact, lasted less than two months after it was floated on the Stock Exchange before it was taken over by British Gas in a £370m agreed deal.

Predators have put a high value on acquiring North Sea asset portfolios because it is unlikely that similar portfolios can be assembled from scratch, while there is still plenty of oil to be found in the North Sea.

As part of its agreement with Lasmo, RTZ cannot sell its stake as a block until July 1989, unless the Lasmo board approves the sale or a predator wins control of the company. Otherwise, RTZ can sell the stake only in 5 per cent chunks.

In the three months since RTZ became a seller, a buyer for the stake acceptable both to the Lasmo board and RTZ has not materialised. This is probably because almost any buyer of the 29.8 per cent Lasmo stake at current prices would want to control Lasmo, which wants to stay independent.

Mr Chris Greentree, Lasmo chief executive, is in a difficult position, because the highly respected management that he helped assemble is likely to become restless unless the future of the company can be resolved. But preserving independence will be no mean feat.

A key attraction to any predator, of course, is the strategic 25 per cent stake in Enterprise. Acquiring that could be a first step to mounting a successful takeover of Enterprise. This might suggest that Lasmo should offload the stake to discourage predators, but if it did so, part of the premium in its own share price would vanish and this could make Lasmo more vulnerable to a predator.

The possibility of a merger between Lasmo and Enterprise has often been mooted, and there would be plenty of logic in combining Enterprise's strong position in the North Sea with Lasmo's international holdings. But neither company seems keen.

In the event, Lasmo appears to be playing a waiting game, hoping RTZ will go for immediate cash by selling 5 per cent stakes, rather than wait for a year to realise the full strategic value of its 25 per cent holding.

Lasmo could just scrape through the next 12 months andstill be independent. Looking at its exploration and production programme, and its balance sheet, there is no reason why it should not.

It is often said that stock markets cannot value oil assets properly because time horizons are too short, thus leaving the sector vulnerable to takeovers by big oil companies willing to take a long view.

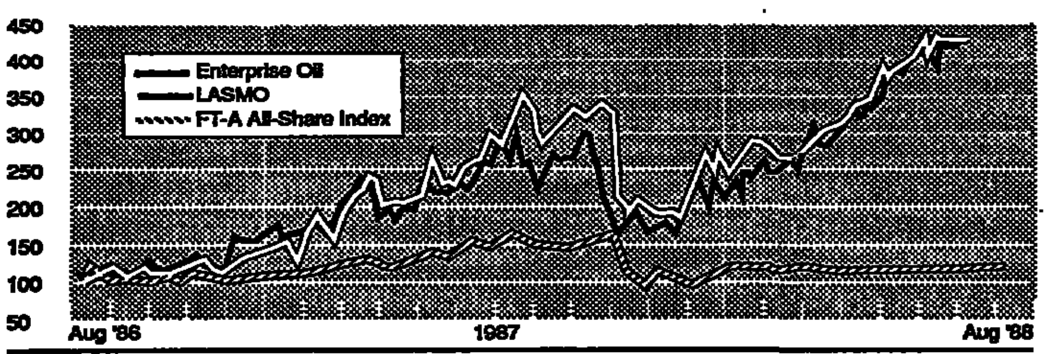
This argument was particularly in vogue in the case of BP's £2.5bn takeover of Britoil, widely reckoned to be something of a steal. But neither Britoil nor Tricentrol, which fell soon afterwards to Atlantic Richfield of the US for £187m, had something that Enterprise or Lasmo evidently have in abundance – happy shareholders.

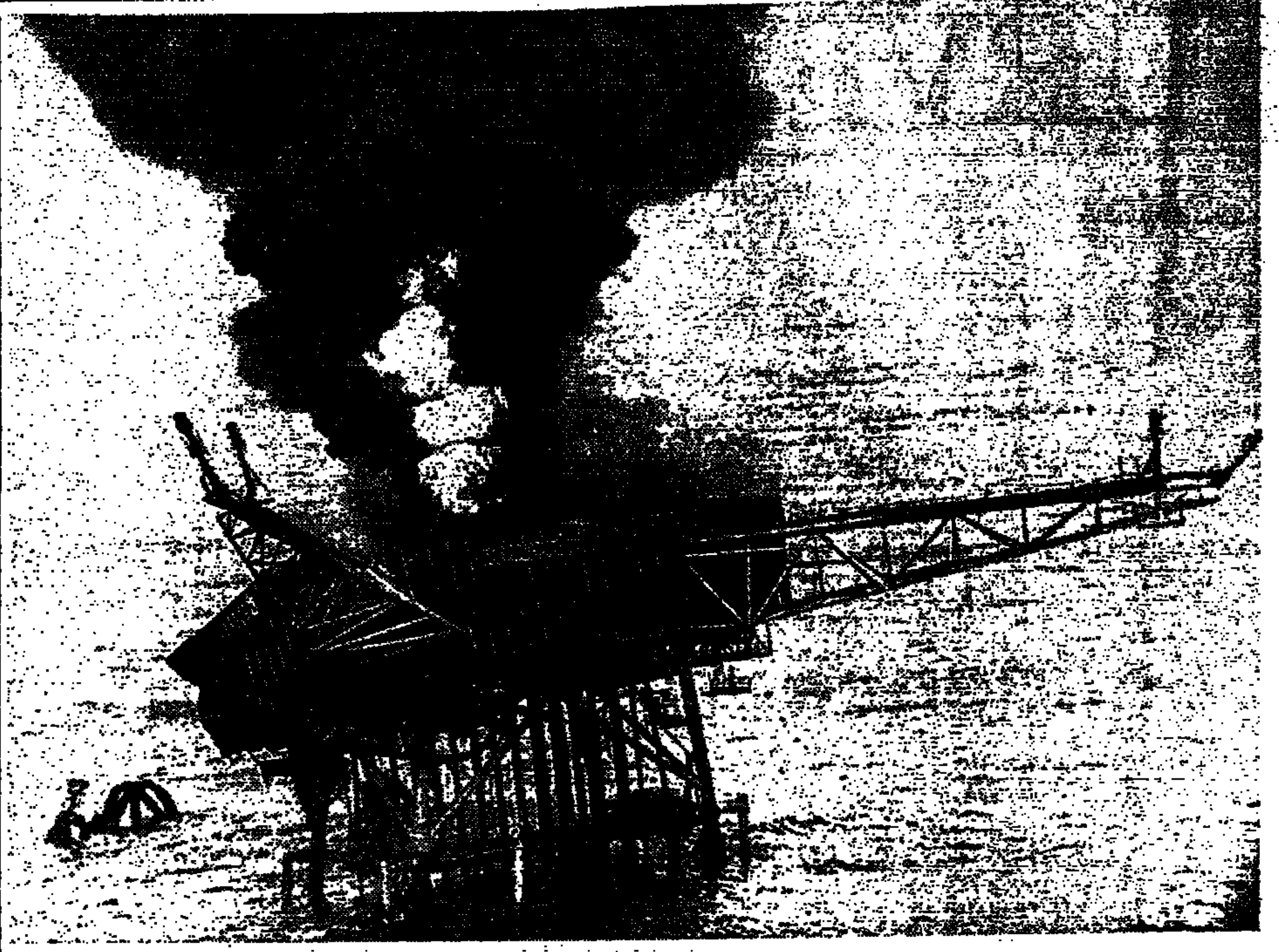
The bids for Britoil and Tricentrol represented welcome relief for investments that had gone seriously wrong for their shareholders, and the only real question was how to finesse the best price out of them.

Enterprise and Lasmo have delivered to their shareholders, as have, to varying degrees, Premier Consolidated Oil, Clyde Petroleum, Sovereign Oil and Goal Petroleum.

Of course, happy shareholders are not a stout defence against a predator willing to pay over the top for assets. But, *à la* Presidio Oil, why should they be?

Oil shares beat the Index





OCCIDENTAL PETROLEUM's Piper Alpha platform exploded in a fiery inferno on July 6, killing 167 oil workers. It was the worst accident in the history of the offshore oil industry. The explosion is thought to have originated in a gas compression module. Technical causes of the accident are being investigated by a Department of Energy team. This will be followed by a public inquiry.

THE SERVICE INDUSTRY

Flexibility assists revival

IN THREE dreadful months of 1986, Mr Ian Wood, chairman of the John Wood Group, saw his company's revenues plummet by a third.

When the oil price collapsed, oil companies operating in the North Sea slashed expenditures on exploration and development to compensate for sharply reduced income. Mr Wood's company, which provides a wide range of services to the offshore oil exploration and production business, took it on the chin.

The experience was not unique. Like other companies in the offshore service industry, Mr Wood cut his staff by 10 per cent, and let one in five of his contract workers go. Yet today many of the same companies that were shaken so severely in 1986 have seen profits restored and are expecting to grow strongly.

Full employment has returned to Aberdeen and companies are finding it difficult to recruit skilled workers.

"It is remarkable how much of the industry is intact," says Mr Keith Maier, the Aberdeen head of Investors in Industry (3i), the investment group owned by the clearing banks and the Bank of England.

Although there has been a spate of mergers in the industry, little capacity has been permanently lost. The companies hit hardest were those carrying heavy capital investment on the books, particularly drilling contractors with expensive semi-submersible rigs forced to sit idle.

Mr Maier attributes the survival of so much of the industry to the flexibility of companies and their workforces. Many workers agreed to pay cuts rather than lose jobs.

Nevertheless, a significant number were sacked and scared away by the cyclical nature of the oil business.

"We've lost a lot of people for good out of the business," says Mr Edward Lorimer, managing director of Hunting Oilfield Services, which has a range of engineering and manufacturing capabilities for offshore installations.

Most in the industry now believe that the downturn set in motion by the 1986 price collapse has bottomed out, and growth is on the horizon.

This year the John Wood Group expects profits to approach the record of £4.6m set in 1985, after being more than halved in the intervening two years.

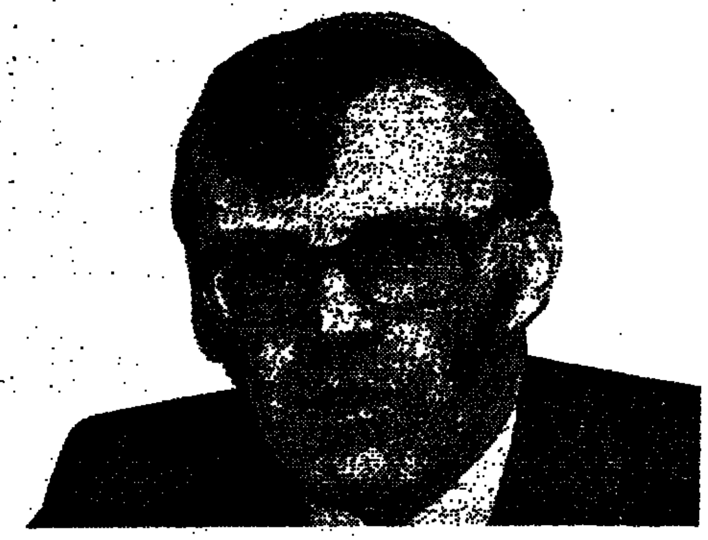
Perhaps more significant, the steep decline in the international oil business did not deter Mr Wood from a planned expansion into the US drilling services industry. The acquisition of a drilling equipment manufacturer in January 1986 was, to say the least, ill-timed.

Mr Wood admits he made all the mistakes, buying the wrong company at the wrong time, at the same time moving into new products, with a new management, in international markets.

Yet after a year and a half of what Mr Wood describes as "crisis management," the US operation is profitable, fattened up by two additional acquisitions last year that Mr Wood is confident about.

The John Wood Group is now the fourth largest drilling service company in the world, although still a long way behind the international giants, Schlumberger, Halliburton and Dresser Atlas.

The Wood Group's experience is echoed, with varying degrees of pain, by most other survivors in the sector. Hunting had the bad fortune to have embarked on its international expansion in 1985, building new facilities in Norway and Holland just before the market collapsed.



Mr Ian Wood: US expansion has proved profitable

The full impact of the downturn hit the company in 1987, when annual revenues fell 35 per cent below the 1985 record of £22m, and Hunting was forced to retrench sharply. The new facilities were closed in Norway. The company's original base in Great Yarmouth was shut down. The Houston office was closed and US operations consolidated in Lafayette, Louisiana. The company's Singapore staff was cut sharply.

Now business is running once again at 1985 levels, and the company is looking to expand its specialist connector business for use in offshore work.

It is the drilling contractors that are still bearing the brunt of the downturn, with rig rates for semi-submersibles, at about $18,000 a day, barely covering operating costs, when work can be found. Only jack-up rigs, working in the shallower southern gas basin, are in strong demand.

All three of Jebsen Drilling's semi-submersible rigs are sitting idle still, and Mr Jim Murray, finance director, sees the company's future in the production contracting business. A project with Sovereign Oil to develop the Emerald Field is awaiting Department of Trade and Industry approval for the provision of subsidised finance to convert a semi-submersible rig to a production vessel. Without subsidised finance the work would not be feasible in the UK.

UK suppliers now win 87 per cent of North Sea orders, and . . .

Opportunities transcend oil

WHEN EXPLORATION first began in the North Sea, no companies had produced oil in quite so hostile an environment, in water so deep, turbulent, and cold.

While this set an expensive challenge to the world's oil industry, it also handed an opportunity to British industry.

The broad success of the response is impossible to gauge, because the complex range of heavy and sophisticated equipment that goes into oil exploration and production produces demand that is felt throughout industry, from steel companies to manufacturers of electronic components, many of whom may be unaware of where their goods will be used.

Government statistics show that British suppliers now win about 87 per cent of orders stemming from North Sea development work, an impressive advance from the early days.

But how much of this results from the free choice of North Sea producers, and how much from the direct and indirect influence of the Offshore Supplies Office, is hard to gauge. No North Sea oil explorer believes it is possible to be successful in future licence awards for North Sea acreage without patronising British industry.

Indeed, support for British research and development was made a condition of the ninth round of licence awards in 1984. Although pressure from the European Commission led to this explicit condition being withdrawn, no one would say the score has really changed.

It is none the less clear that a number of companies have taken advantage of the opportunities.

Ruston Gas Turbines, a GEC subsidiary, has a dominant position in the world market for powering oil pumps, with 80 per cent of sales overseas. Weir Pump's innovative pump designs, aimed at coping with the very high pressure requirements on the North Sea in the early 1970s, have found broad international acceptance in the oil industry.

Even more interesting are the companies that have branched out by finding new uses and markets for technologies developed for use in the North Sea.

Weir's downhole turbine-driven pumps have found a welcome use in some deep water-well applications. The pumps are driven by the fluids that are produced deep below the surface of the earth.

The Balmoral Group has made a success of exporting flotation devices for marine and offshore usage. Osprey Electronics is now selling its underwater cameras, developed mainly for offshore oil installations, successfully in defence industries.

Few companies however can have been quite so prolific as the Pressure Products Group. Pressure Products (formerly known as Gas Services) has grown out of the invention of a simple valve in 1981 that channels exhaust gases out of a diver's helmet, allowing helium to be extracted on the surface and recycled.

With helium costing £120 per cubic feet, the savings can amount to £¼m a year for the average North Sea diver. The equipment has since become standard kit for saturation diving operations around world, in both commercial and military operations.

Pressure Products has since used its expertise to develop other products. One is a bail-out system for deep-water diving operations. This is a simple recycling system that would give a diver 15 minutes of gas at 1,500 feet in an emergency, during which time he could presumably retreat to the safety of a diving bell. Because of high pressure at these depths previously existing emergency equipment would have provided just seconds of air. Diver trials are now going ahead at previously unheard of depths of 2,000 feet.

Other products include cheap, high-pressure oxygen chambers for medical usage, emergency air supply equipment for fire-fighters, and a new 18-inch diameter remote operated submarine vehicle that contains three cameras. The device, which looks more like a toy than a tool, puts off-the-shelf video and still cameras on an axle that rotates 360 degrees vertically inside a plastic viewport to enable remote inspection of underwater structures, ships and boats.

Pressure Products hopes to bring the price down to $15,000, from a current $25,000, to enable it to become standard kit for marine inspection use, the sort of equipment that any large commercial vessel, or even a few exotic pleasure-craft, just could not do without. The closest competing equipment costs about $50,000.

Already, Pressure Products has managed to shift its business so that is only 40 per cent dependent on the oil industry, and it hopes to lower that dependency further to 25 per cent.

The world's oil tools and equipment manufacturing industry is still dominated by foreign, mainly US companies, and that is unlikely to change.

But as the technological requirements for future North Sea developments become more stringent, owing to the need to use technology to save money on smaller fields, the opportunities for British industry will also grow, both in and out of oil-related markets.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Piper Alpha has taken the bloom off Scotland's recovery from recession, reports **James Buxton**

Efficiency counts as the whirlwind passes

SOME PEOPLE might think of the Piper Alpha tragedy as an event affecting a force of anonymous workers who converged on the platform from all over Britain for their two weeks on, and who faded into the background of the UK when they went on leave.

But the majority of the 167 men who died came from Scotland, many of them from Aberdeen; and north of the border the disaster is regarded as a tragedy for the whole of Scotland.

For although North Sea oil production and exploration take place out of sight and over the horizon, the industry is deeply embedded in the Scottish economy. In towns and villages far from Aberdeen almost everyone knows someone who works "on the rigs". Furthermore companies involved in North Sea activities are found all over Scotland.

The tragedy came just when Scotland was getting its confidence back after the shock of the 1986 oil industry recession. A spate of announcements about new development contracts promised a big increase in work for the surviving platform construction yards, and they are only the tip of the iceberg: they promise large quantities of sub-contract work and future contracts, and employment in the installation and servicing of offshore operations.

None of that work should be affected by Piper Alpha, but the disaster takes the bloom off the recovery. Only a few months ago the citizens of Aberdeen were breathing sighs of relief that it was once again possible to sell a house without too much difficulty after two years of a deeply depressed market.

The oil industry is a major factor that differentiates Scotland from the rest of the UK. Its arrival in the early 1970s helped to soften the impact of the decline in Scottish heavy industry as it accelerated after the 1974 oil crisis. Aberdeen enjoyed a rate of expansion unknown by almost any other British city.

Its population went up by 60,000 to 250,000 as US specialists and vigorous young men from all over Britain moved in to work on the oil platforms. Aberdeen's businessmen and professionals rapidly became accustomed to dealing with companies that were willing to spare no expense in their insistence on getting what they wanted when they wanted it.

What made the inrush more substantial was the fact that the new prosperity hit a city that was already reasonably wealthy and experienced. It was the centre of a rich agricultural region, as well as an important fishing port. Aberdeen's businessmen and professionals were better placed to cope than those of some other cities might have been.

Partly as a consequence of the oil boom, the north-east avoided most of the industrial decay and dereliction that affected other parts of Scotland. Indeed, an impressive spread of new businesses was founded. Had they been close to the central industrial belt of Scotland, they might have helped morale elsewhere.

Even so, the Glasgow area benfited both through the spread of fabrication yards to the Clyde and the offshore work that was won by companies such as Weir Group, Howden and British Steel. Elsewhere the Moray Firth became an important concentration of offshore fabrication and repair work, and at remote Loch Kishorn in Wester Ross the solitude was disturbed by the creation of the Howard Doris concrete fabrication facility.

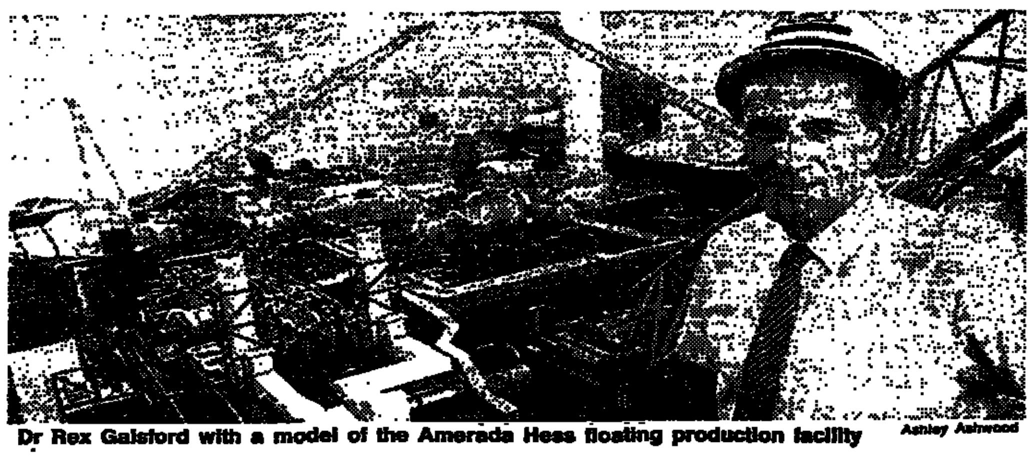
The economy of the Shetland Islands was transformed, for better or for worse, by the construction of the Sullom Voe terminal. A smaller explosion hit Orkney with the Flotta terminal.

The sudden downturn which followed the collapse of oil prices in 1986 not only had a shattering effect on places like Aberdeen, whose experience of oil had been largely benign; it was also the major cause of the fact that, whereas the UK economy grew by more than 3 per cent in 1986, that of Scotland grew by only about 1 per cent that year. So surprise at the fact that Scots voted the opposite way from the English in the 1987 general election was perhaps overdone.

For a time the recession devastated confidence in Aberdeen as the oil companies, themselves stunned by what was happening in the oil markets, abruptly shut off spending. Many offshore supply businesses survived only by the most ruthless slimming and efficiency campaigns. Some people who had done well during the fat years quietly departed, sometimes leaving it to the building societies to find a buyer for their homes.

But the whirlwind unleashed by the recession caused equally grave devastation elsewhere. The Loch Kishorn fabrication yard closure at the end of 1986 was followed in 1987 by the shutting down of UIE on the Upper Clyde, receivership for Kestrel Marine at Dundee and, earlier this year, the going on to care and maintenance of the Scott Lithgow yard on the

Continued on page 5



Dr Rex Galsford with a model of the Amerada Hess floating production facility Ashley Ashwood

PROJECT MANAGEMENT

A time-saving Epic

ANY OIL company faced with the prospect of developing a billion barrel field, with oil prices at $30 a barrel and a strong dollar, would not worry excessively about minor details, such as a cost over-run of a hundred million pounds.

But if looking at less than 100m barrels, with oil at $15 a barrel and a weak dollar, every bit hurts.

This is the sort of regime that many oil companies now find themselves operating under, and it has provoked a much more self-conscious approach toward the science, or art, of project management.

A project as complex as a North Sea oil development naturally passes through a number of well-established phases, from feasibility and government approval, to detailed engineering and design, procurement, construction, installation, drilling, hook-up and commissioning.

Then finally, after spending usually hundreds of millions of pounds over several years, oil or gas comes out of the ground which can be sold in order to begin to pay for these costs and, it is hoped, earn a profit.

Obviously, aside from savings that result from clever design of the hardware, the sooner oil can be produced after serious spending begins means more profits at the end of the day, other things being equal.

This is a question that the oil industry is now coming to grips with and many projects under way, or at the planning stage, have in effect tried to collapse the stages so that the final project comes out faster.

This is the thinking behind an innovative contract signed earlier this year for Shell/Esso's £420m Sole Pit development in the southern gas basin of the North Sea.

Shell, operator of the fields, decided to award the contract on a turnkey basis, dubbed an "Epic" contract, which stands for engineer, procure, instal and commission. In essence, this means that the entire job, following from Shell's conceptual designs, was handed on to Brown & Root/Wimpey Highlands Fabricators in a single £100m contract.

Shell will take over again when the development is installed, commissioned and ready to operate. In the meantime Shell will station only about five of its own personnel at Hi-Fab to monitor what is going on, as opposed to the usual project staff of 70 or 80.

The use of a turnkey approach means that normal gaps between the phases turn into overlaps. Highlands Fabricators has already sent a project team to London to co-ordinate with engineers on the detailed design phase with the aim of coming up with a design that is easy to put together. Unlike the normal project, fabrication is scheduled to start just a few months after detailed engineering begins, rather than waiting until it is 80 per cent complete.

Shell believes that the approach will save a year, but there is also a risk. The company must be sure of its design concept because altering specifications midway would be extremely costly, if possible at all.

Responsibility for getting the project right rests far more heavily on the contractor.

Although the turnkey concept is obviously attractive, it may not be appropriate for all projects. BP, for example, believes that its Miller field project, where costs are likely to approach £1bn, is too big and complex to hand on in an Epic contract. The Miller project is awaiting finalisation of a gas contract before applying for final government approval.

Humphreys & Glasgow, which is providing design, engineering and procurement services for the Miller topsides, is none the less aiming to narrow the gap between engineering and fabrication. The contract for fabrication is to be be awarded on a "measured quantities and rates" basis, which would be an agreement on how to determine a a final lump sum.

This will also allow for the contract to be put out to tender when the engineering is 70 per cent complete, and for work to start at that stage. A lump sum for the job would be fixed six months after contract award, when it is possible to cost the project down to the last bolt.

These, of course, are still the relatively big projects. A good example of how to squeeze down costs in smaller fields is the Amerada Hess development of Ivanhoe/Rob Roy.

The basic concept is to use a converted, second-hand (and thus cheap) semi-submersible rig as a floating production facility for two small fields in close proximity. The two reservoirs have total recoverable oil reserves of 88m barrels.

The concept for the project was developed in 1985, and put on hold for a year when oil prices collapsed. During this time another £85m was squeezed out of the cost, which ended up at £350m. Dr Rex Gaisford, project manager, cites other traditional fixed platform projects, designed for a similar capacity of 60,000 barrels a day, that cost twice as much.

The vessel, in the Sedco 700 series design, imposes another sort of discipline because of the tightness of the space available. Every bit of equipment brought on board the vessel, currently under conversion at Charlton Leslie Offshore in South Shields, is weighed as is every bit taken off. This allows constant monitoring of weight to see that this critical factor conforms to planned specifications.

The entire topside assembly and nearly all commission can be performed in the yard, while the vessel is moored at Teesside.

Meanwhile, wells and subsea templates are being drilled and installed on site, so that when the vessel is towed out next spring it can be hooked into the system of flexible risers and turned on. The wait for drilling to be completed after installing a platform is entirely eliminated.

Production is anticipated to run for 12 years, after which there would be virtually none of the huge abandonment costs that operators of fixed structures would face. And with a bit more refurbishment the vessel itself could well be ready to see duty at another similar project.

The ultimate in cost savings must be Sovereign Oil's plans for the Emerald Field, with reserves of 43m barrels. In this case Jebsens Drilling would convert one of its own rigs for production purposes, pump the oil on a per barrel fee and hope to continue in business as a production operator, currently unheard of, after the field is depleted.

Even the oil output has been presold to Neste of Finland for this marginal project, thus eliminating most sources of commercial risk that operators normally face.

The economics of this project, however, are so tight that the rig conversion cannot take place without financial support from the government.

Amerada Hess floating production facility being fitted out in the McNulty Yard, at South Shields Ashley Ashwood

The future still looks uncertain for fabrication yards

More work, but more casualties

APRIL WAS a gloomy month at Highlands Fabricators, the offshore fabrication yard to the north-east of Inverness at Nigg Bay.

The yard had completed and delivered the jacket it built for the Shell Eider field, the last of the orders from the boom years before the collapse of oil prices in 1986. Hourly employment at the yard had fallen to just 39 from a peak of 5,500 five years earlier.

Hi-Fab is the prime industrial employer in this otherwise farm-based economy and few people had money in their pockets to support the shops, restaurants and pubs that had sprouted up during earlier boom years.

Then suddenly fortune reversed itself. In the space of five weeks, Hi-Fab won five orders in succession. By late July, 750 hourly workers had been brought on board again, and the yard was still hiring.

Hi-Fab of course is one of the more fortunate yards. Fabrication yards, while playing a smaller role in the overall offshore supply and service business than in the past, are still the most visible tip of the industry, where jobs rise and fall erratically according to the unpredictable flow of new development work.

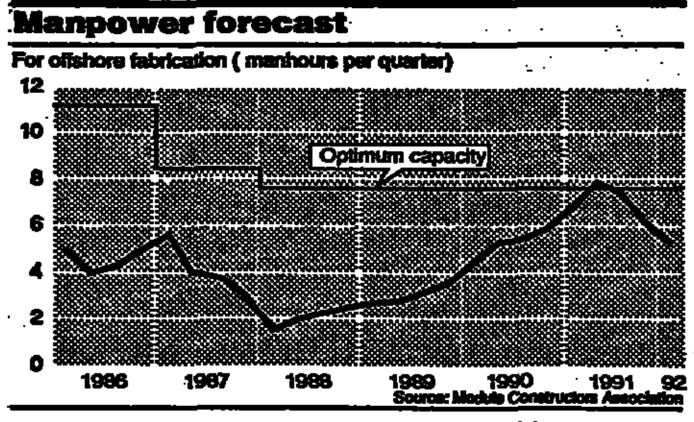
At least three yards did not make it through the 1986 downturn. Three others are on "care and maintenance," keeping equipment oiled in hopes of work picking up. Industry capacity has dropped by roughly 25 per cent in two years, and only about 30 per cent of remaining capacity is being used today.

Future projections show that work is likely to rise in the coming years but that competition between the yards will continue to be severe, and that more casualties will result.

The Module Constructors' Association (MCA) projects that work for the fabrication yards will continue to rise until the second quarter of 1991 (see Illustration). At that time the industry would be operating more or less at optimum capacity. The projection assumes a slippage factor in plans for bringing development projects on stream, based on previous experience.

Manpower forecast

For offshore fabrication (manhours per quarter)



Source: Module Constructors Association

However Mr John Wood, deputy chairman of the MCA and a Hi-Fab director, says the report may be based on an excessively conservative assumption about productivity, namely that topsides construction will require 150 manhours per tonne. He says that productivity gains are likely to prove this figure is 25 per cent too high.

Instead of reaching full capacity in 1991, the industry is likely to approach only 60 per cent of current capacity by that time, and the balance will probably have to be cut.

Fierce competition is likely between yards with capability to take advantage of opportunities provided by the heavy-lift crane barges that individually can handle loads of 10,000 tonnes. Bigger loads can be contemplated for barges working in tandem.

Most of the big yards are thought capable of handling this sort of work, with Highlands Fabricators, McDermott Scotland, and Press Offshore particularly well suited because of their assembly and deep water loading facilities.

The bigger load capacity means that bigger and heavier topside modules for oil production platforms can be built in the yard at a fraction of the cost of building small modules onshore and assembling them offshore, where labour can cost 10 times as much. The bulk of commissioning can also be completed onshore, eliminating the expensive need for housing technicians offshore for months in a floating hotel.

The offshore fabrication industry has gone through a radical transformation since its birth in the early 1970s, when the most pressing problem was to get oil into production rapidly.

Cost-plus contracts then gave fabricators a virtually open cheque-book, and the industry gained a reputation for consistently coming in with expensive cost over-runs.

The advent of lump sum contracts in the late 1970s imposed a discipline to which some of the yards took years to respond.

Highlands Fabricators found itself nearly out of business in 1984 when Conoco's tension-leg platform for the Hutton field was taken out of the yard. There was no work because with the unionised workforce refusing to accede to a 21-point plan to raise productivity, Hi-Fab could not bid competitively for a contract.

The yard wanted to eliminate a whole range of perks, including free transportation to work within a radius of 50 miles (which cost £2m a year) and subsidised meals. Workers were to shower on their own time and start clocking in at the workplace, instead of taking a long stroll from the yard's front gate on company time.

When work dried up in 1984, however, the union finally agreed. Significantly, agreement was reached to work flexibly, with welders and riggers, for example, switching off jobs.

Hi-Fab commissioned a study of its power consumption and slashed costs. New welding machines were installed that raised productivity threefold and reduced faulty welds to a negligible nine inches in a mile.

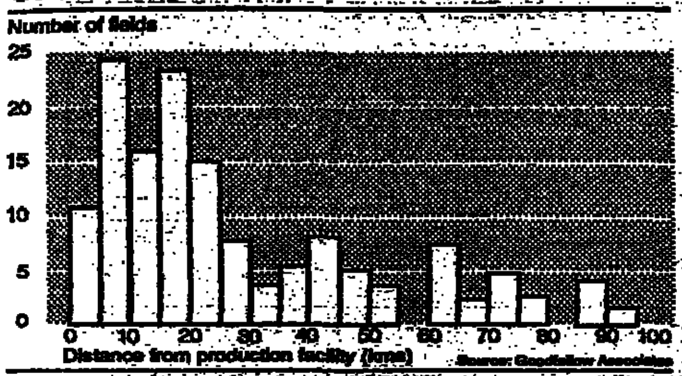
Hi-Fab built a giant covered workshop to enable it to move from its traditional strength of steel jackets to topsides fabrication.

Computer terminals were installed throughout the yard, enabling a record to be kept of each weld and each joint, and to allow more sophisticated monitoring and planning for completion of complex jobs.

Hi-Fab's adaptation to the changing market was, of course, not unique, but rather only what was necessary to stay alive in an industry that has matured rapidly.

The adaptation is just one part of a bigger story of why costs have come down so sharply throughout the North Sea oil industry. And it explains why work is continuing to come forward despite radically lower oil prices.

Undeveloped North Sea finds



The next North Sea phase will require a technological leap

Small fields set a challenge

THE FIRST generation of North Sea oil production developments relied on technology that was borrowed and adapted from the Gulf of Mexico.

True, the specifications for North Sea production platforms were more stringent because of the deeper and more turbulent water. And the North Sea has been the testbed for a range of interesting innovations, such as Conoco's tension-leg platform at the Hutton field, in which a buoyant platform is fixed in position after being drawn down toward the water by steel legs fixed to the ocean floor. A traditional platform is supported above the water by a steel or concrete structure.

Still it is only now, as oil producers face the next phase of development, that engineers are working out a range of radically new production concepts that are forcing scientists to develop new machines.

These developments are driven by the changing economics of future North Sea oil production. The big billion-barrel fields, such as the Forties or the Brent, are almost certainly not to be found again. Medium-sized fields of between 100m and 500m barrels of recoverable oil are becoming much harder to find.

Already the list of small fields under 100m barrels is growing. There are currently at least 80, and some estimates put the number at 135. These are likely to be the bread and butter of the oil industry in the next generation.

These fields are too small to justify paying for the construction of a big steel jacket with a traditional production platform. Already satellite, subsea development projects have become almost commonplace. In these arrangements, smaller fields close to existing platforms are developed by putting wellhead equipment on the ocean floor and piping the oil to a nearby platform for processing.

Advances in extended reach, or deviated, drilling also make it possible to reach remote fields that are several miles from a central platform.

In these cases, however, the technology is limited by reservoir pressures which place a restriction of perhaps 10 kilometres on the distance between reservoirs and the main platforms. At greater distances pumps would have to be installed.

And it is here that the great challenge is being taken up — to design systems of machines that are reliable enough to be placed in sealed containers on the seabed for months of trouble-free operation. They must be built with enough cleverness so that they can be serviced easily on the seabed, by divers or remote operating vehicles, and then easily brought to the surface for more intense servicing occasionally.

Even if the basic machines were available, the task of linking them together and making them work as a system is daunting.

The means by which all of this will take place is swiftly coming into better focus as the result of an industry-wide effort. Some of the big oil companies — BP, Shell, Esso and Mobil — have their own in-house research programmes. Seven oil companies have supported a similar project by Goodfellow Associates, which is building a prototype subsea production system for testing next year.

With aid coming from the oil companies and both the Offshore Supplies Office of the Department of Energy and the European Economic Commission, engineering companies are developing individual products to fit into the systems.

Two competing and complementary products are the key to the effort — multiphase subsea pumping and subsea separation. The multi-phase pump, currently under development by the Weir Group, is aimed at pumping the mixture of water, oil and gas that comes out of the typical oil well.

In a commonly-used centrifugal pump, this is not possible because the action of the pump throws liquids away from the centre, leaving the mechanism to spin uselessly in a pocket of gas. A displacement pump, the sort used in low-volume "nodding donkey" oil wells onshore, could move the mixture, but not in the volumes required.

Weir has now successfully tested a prototype of the multiphase pump in the laboratory. The new pump is based on a rotating screw-type design, and is capable of propelling gas alone.

The task ahead for Weir is to come up with an acceptable packaging for use on the seabed. This requires simplification, and Weir hopes to make a solid metal casing that has no seals through which oil could potentially leak into the seawater. The pump could be run on a hydraulic turbine, driven by seawater, or by an electric-powered motor.

Weir must also decide what to do about sand which flows out with the oil because scouring of the internal pump parts could give it a short life.

The engineering difficulties are well illustrated by Weir's timetable for product development. Even though it now has the basic prototype in operation, it does not expect to test a multiphase pump on the seabed for another two to three years, and is fully aware that even then success for the product is far from certain.

An added difficulty for multiphase pumping is that, because water and gas are not separated from the mixture, the pump and pipeline capacities must be quite large, adding significantly to the capital costs. Weir believes that because of these limitations, multiphase pumping is unlikely to prove economic at distances beyond about 40 kilometres (which none the less could cover about 75 per cent of North Sea discoveries).

Beyond these distances a different technology is likely — subsea separation. In a traditional production scheme, oil comes to a platform, propelled by pressure in the reservoir. Gas and water are then separated out. The water is cleaned of pollutants and discarded, while the gas is either flared or compressed and exported through a dedicated pipeline or reinjected into the well.

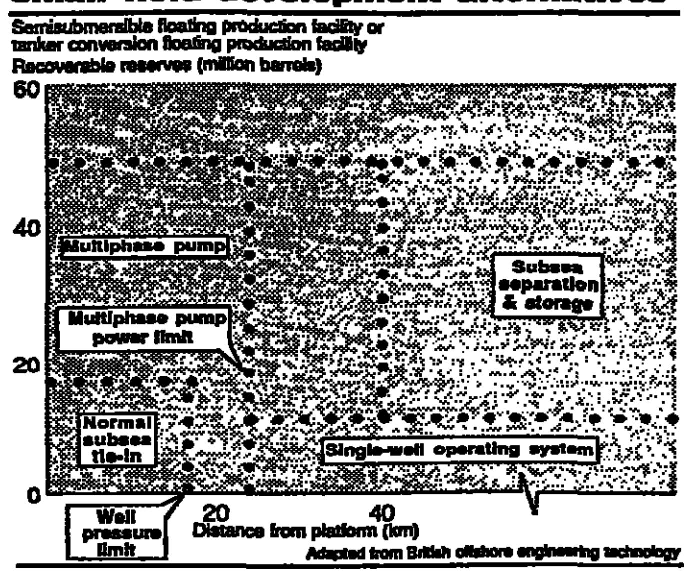
Oil likewise will be pumped into a pipeline and brought to one of the main onshore terminals. The separation process, as opposed to multiphase pumping, is an established technology, and this is undoubtedly why development of the separation equipment for subsea operation is much further advanced.

British Offshore Engineering Technology, a joint venture between Humphreys and Glasgow, the engineering and design group, and Strachan & Henshaw, the engineering company active in the nuclear field, has already built the first prototype subsea separator, which is currently being installed for trial operation at Hamilton Brothers' Argyll field.

Compared with multiphase pumping, subsea separation is a more complex process because each of the three products of separation — oil, gas and water — must be treated separately. Water must reach a high degree of purity before it can be released into the sea. Gas must be brought to the surface for flaring, exported to a nearby platform, or brought to the surface for reinjection into the reservoir in order to meet government restrictions on the flaring of gas.

Finally, the oil itself must be pumped somewhere, either before or after storage. BOET has worked out a grid that compares the situations appropriate to different systems of production (see illustration). The best approach to development is determined by the size of a field and its distance from existing production facilities.

Small field development alternatives



According to the grid, subsea developments become attractive for reservoir sizes below 50m barrels, while above that size a floating production facility, such as that currently being developed by Amerada Hess for the Ivanhoe/Rob Roy fields, becomes economic.

Within the smaller reservoir range, the multiphase pump would be competitive at less than 25 kilometres. This is less than the limit which Weir believes may be competitive, and this will obviously be determined when the products are manufactured and available for testing.

When a small field is more than 25km from a platform, BOET believes, subsea separation is the logical alternative because of the relative ease of pumping separated products. But beyond a 40km limit, the case for remote, stand-alone subsea systems becomes attractive.

For smaller fields, below 30m barrels, gas would be flared and oil and water put into subsea storage pending visits by a shuttle tanker. Above 30m barrels, and the gas might be reinjected or exported after passing through a gas compressor on a permanently moored semi-submersible rig. This would be relatively cheap to operate and would not require substantial conversion work.

Another system yet may be appropriate to very small fields, say below 10m to 15m barrels of oil. In this case, BP is working on a system called SWOPS (single well oil production system), in which a single well head system would be installed, and visited periodically by a floating production vessel. Oil would be drained off for a limited period, and the well would be revisited at a later date after well pressure had naturally built up again.

These are the concepts. But to sketch them out so quickly may give a misleading impression that the technology is near to being ready. It is not, and not only because of the development work still needed on the multiphase pump and the separator equipment.

Goodfellow Associates says that some of the most critical technology will be the basics, the bits and pieces that hold together the more exotic machines.

These include subsea chokes, valves that regulate the flow of oil and take a high degree of battering. Connectors are needed to link up the parts of the system that have no valves that could be a source of leakage.

And a critical need that has so far defied the inventiveness of modern science is the underwater power point, a detachable high voltage connector that will not be subject to the corrosive effects of seawater. This is needed because of the impracticality of bringing equipment to the surface for occasional maintenance if permanently installed and sealed power lines must be brought up along with it.

There is perhaps no better illustration than this of the difficulties of working under the sea. The next phase of North Sea development work is coming ever more clearly into view. But a technological leap and a burst of inventiveness across the oil industry will still be needed to get there.

After the Scottish whirlwind

Continued from page 4

Lower Clyde. The bloom went off the Shetland economy, and the Moray Firth became known not for the oil platforms it constructed but for the oil rigs lying idle there.

But the earliest signs of recovery showed in mid-1987, as exploration companies began to take advantage of the very low rates for chartering oil rigs. Direct oil industry employment in Scotland, the measure used by the Training Commission (which is usually considered very conservative in its definition of wholly oil-related work), bottomed out at 51,530 at the end of 1986, compared with a peak of 65,000 at the end of 1985. By December 1987 it had recovered to 53,500.

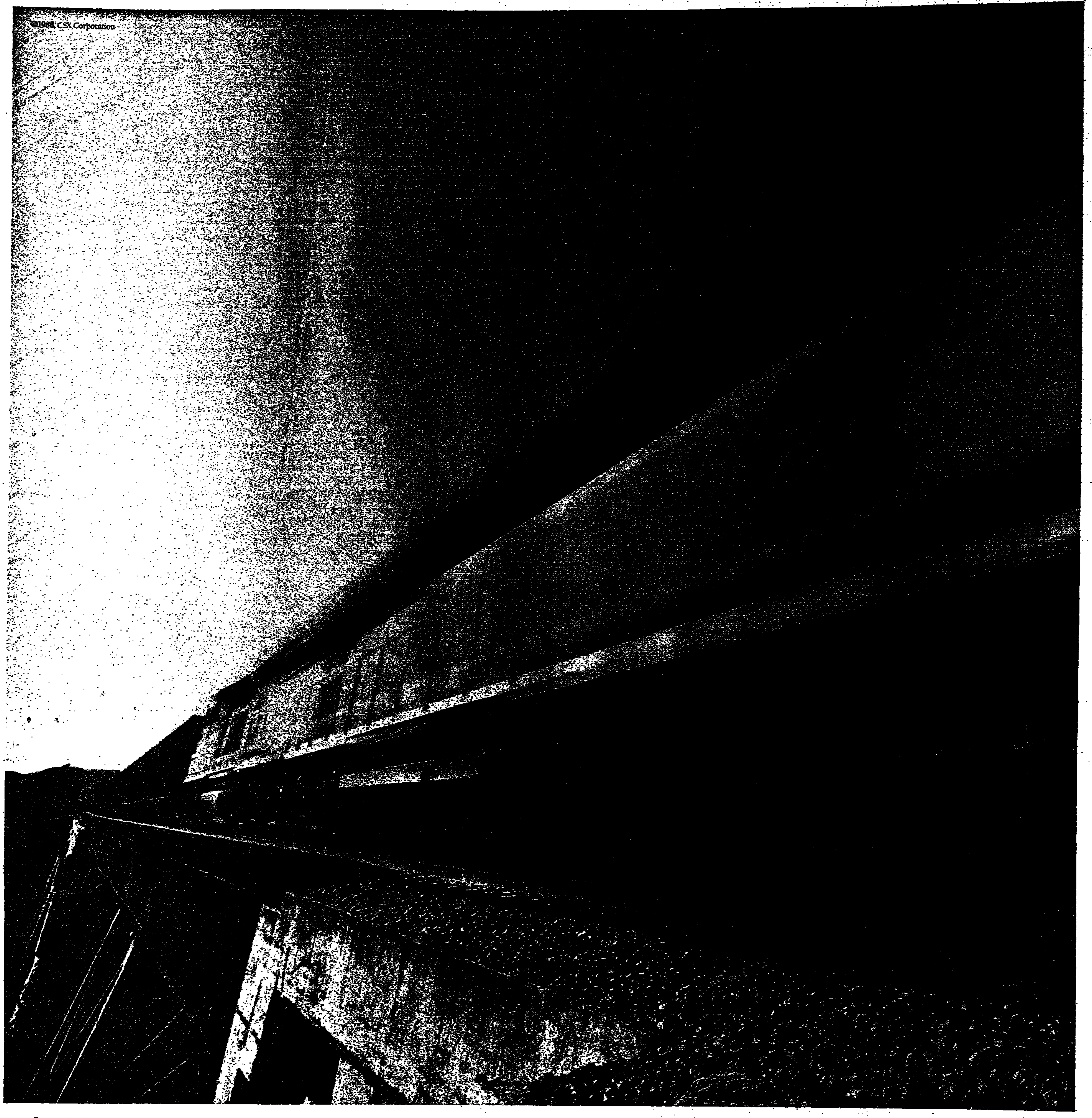
In Grampian region, centred on Aberdeen, which accounts for more than 80 per cent of such employment, the forecasters earlier this year predicted that employment would regain its 1985 peak in 1996, before declining again into the next century.

The slimmer oil supply industry is now more conscious of the need for efficiency, and for export opportunities. But while it is more confident of its ability to compete, there is unlikely to be a return to the boom conditions of the pre-1986 era.

Aberdeen: where the new horizon is the year 2000

Such a realisation has given extra impetus to drives to ensure that the north-east of Scotland secures its future for the time when oil revenue declines seriously. Early in 1986, unconnected with the gathering crisis in the oil industry, Mr Ian Wood, chairman and managing director of the John Wood Group, began to put together the working party that last year produced a detailed study called "Aberdeen Beyond 2000", which examines initiatives for improving and broadening the city's economy.

Aberdeen Beyond 2000 now has a small secretariat, and shortly before the Piper Alpha disaster it unveiled its scheme for a theme park in the city which would make the oil industry into an attraction for visitors, using simulators, models and film.



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A vision through Irish eyes

William Packer on the 21st anniversary of the Rosc exhibition

Rosc, which in Erse means the "Poetry of Vision," this year celebrates the 21st anniversary of its inception. The prime mover was Michael Scott, the distinguished Irish architect, whose idea it was to bring to Ireland at regular intervals something of the best of contemporary art from around the world, to see it afresh through Irish eyes, and in the best Irish company. Rosc has been reappearing in Dublin more or less every four years, with one memorable diversion to Cork in the middle 1970s. This Rosc is the fifth, and, to judge by the healthily long list of sponsors, is by now set firm to continue as a significant fixture in the calendar.

The practice has been to ask a special jury to nominate 50 or so artists to be invited to take part. This year the jurors were Kynaston McShine of the Museum of Modern Art of New York, Olle Granath of the Moderna Museet of Stockholm, and Patrick Murphy, who succeeded Dr Scott as Chairman of Rosc. Their choice extends to 47 artists from 15 countries. The work is being shown on two sites — never ideal for an integral exhibition, but only two floors were available of the old Guinness Hop Store in Crane Street, which in 1984, newly converted, accommodated the entire show.

However, good has come of the difficulty, for the magnificent Royal Hospital, half a mile away at Kilmainham, is an excellent substitute gallery, ready made for the job, full of handsome, practical and adaptable spaces; indeed, there is talk of its being used as a Museum of Modern Art. The place itself is worth the visit. Founded by Charles II, it lay for decades mouldering and unused. Only lately restored by the Government, it has yet to be assigned a permanent role. This demonstration of particular use could hardly have been better timed.

The building is set out around a quadrangle some 100 yards square, of which Rosc occupies three sides on the first floor. A gallery runs round the inside, wide enough to give room to the largest paintings, onto which gives a succession of interconnecting, ample, well-lit and high-ceilinged rooms. Two of these three sides are given to the Rosc proper, carried over from the Hop Store, with paintings hung along the open gallery and particular sculptural installations in the rooms. The third side holds Rosc in its occasional historical aspect, which consists this time of a selection from the Costakis Collection of Russian Revolutionary Art.

Any jury will confer its peculiar character onto the exhibition it chooses. With this Rosc the agreement would seem to have been to differ agreeably, to respect the judgment of others but to go one's own way, which must account for the variety of the selection in general and the singularity of the particular works. There is to this Rosc not so much an unseriousness, for quality must always be a serious matter, but a lightness of touch and sense of enjoyment, which, this being Ireland, is perhaps not unexpected.

Certainly, for an international exhibition of this standing, the establishment heavyweights are conspicuous for

'The jury agreement seems to have been to differ agreeably, to respect the judgment of others but to go one's own way'

once by their absence, and it would be a mistake to look for any clear theory or programme in the selection. The only common rule, perhaps, was a decision to look no farther than to artists in mid career, for even the more established or lately successful artists, such as the sculptors Richard Deacon, Antony Gormley, Giovanni Anselmo and Rebecca Horn, or painters Brice Marden, Christopher le Bron, Robert Combas, Jose Sicilia and John-Charles Blais, are hardly yet in their dotage.

For the rest, old, young or middle aged, the artists are those who are over-due comparative international exposure, such as Tony O'Malley, Basil Blackshaw and Mary Fitzgerald of Ireland, Olle Kaks of Sweden, Shigeo Toya of Japan — whose carved posts and stockages are shown to such advantage in Venice this summer — and the Australian expressionists, Davida Allen and Keith Looby. Or — like the young Irish sculptor, Kathy Prendergast, with her wobbly, mystical bronze boats and tiny coracles — the artists are simply worth the encouragement of a lucky break.

Some threads do come together by coincidence — or are they really straws in the wind? The sculpture is substantially non-figurative (Deacon, Toya, Anselmo) with some conceptual installation thrown in (Holzer, Laib, Horn, Fabro), and even the figuration (Gormley, Prendergast) has symbolic or conceptual overtones.

The painting is for the most part expressionist (Allen, Winters, le Brun, Blais, Bourke, Jenney). There is a significant proportion of abstraction (Sicilia, McKeever, Marden), some of it hard-edged and constructivist (Tansey, and the Cecil King memorial display), and much painting that, if not abstract exactly, is radically abstracted (Basquiat — who died last week — Looby, Kaks, Sevilla, O'Malley). And there is figurative work, either graphic or photographic, (Parr, Wall) that carries a clear social comment. In particular, there is Tim Rollins and his Kids of Survival from the Bronx, with their poster-like image of Charles Haughey as a sort of dog, one of a set of world leaders portrayed as symbolical beasts.

Australian artist Davida Allen with "Self-portrait at Car, 1988," oil on canvas

The George Costakis exhibition necessarily covers much of the same ground as the Russian Show now at the Thyssen Collection in Lugano, which I reviewed two weeks ago. There is little point in repeating myself, especially as a similar selection was shown at the Royal Academy some years ago. But Costakis, a Greek expatriate who spent his working life in Russia, was able to rescue an enormous amount of material in the time before the Russians themselves would acknowledge the critical value of the work of the Russian avant garde in the first three decades of this century. That so much survives at all is infinitely to Costakis' credit. This show is a splendid concise survey of the period and is thoroughly to be recommended.

● *Rosc continues daily at both venues until October 15.*

Lutoslawski Piano Concerto

SALZBURG FESTIVAL

The concert that Lutoslawski gave at the Proms last week has now reached Salzburg — but with one important addition. As the major item, the audience at the Kleines Festspielhaus had the first performance of a newly composed Piano Concerto, which was commissioned by the Salzburg Festival and marks the composer's late entry into this particular field at the age of 75.

For all that, you could easily believe that his most recent works are a young man's music: there is an energy, a quickness of thought, an immediate sensitivity to the touch, that keeps the scores tingling with life. The more time passes, the more Lutoslawski seems to fill his music with ideas, as though there is much to be said and ever less time in which to say it.

As in London, we heard two other recent pieces — *Chain 2*, (1985), with Anne-Sophie Mutter, the eloquent violin soloist, and *Chain 3* (1986) — and when the Piano Concerto followed, it virtually seemed to take up where they had left off. The opening, with its isolated comments from the soloist and restless orchestral activity, has much the same feel; and there is the same interplay of chance and design, of motifs that come together at random and exquisite textures whose every detail has clearly been planned in advance.

At this point, one might well say that Lutoslawski should call the piece *Chain 4* and have done with it. But with the arrival of the third section (the concerto is in a single movement) the piano soloist embarks on a cadenza-like recitative which announces, as surely as if it had words, that the work is about to take a decisive change of direction.

First, this leads to a sort of romantic slow movement which has rhetorical flourishes borrowed from Rakhmaninov; and then, with more conviction, to a finale of genuine power, which raises the musical dialectic to an altogether higher level. This is in the form of a rough and energetic chaconne for the orchestra to which the piano retorts with dramatic counter-arguments — a strict academic strait-jacket that is perhaps unexpected from Lutoslawski, with his current preoccupations in fluidity of form, but one to which he brings a sense of racing excitement.

The finale settles one other question, too. This is a real concerto after all, and it was played as one by Krystian Zimerman, who brought what seems to be a fine performance with the ORF Symphony Orchestra to an impassioned and resoundingly heroic end. Despite enthusiastic applause, Lutoslawski modestly declined Zimerman's gentle encouragement to take a solo bow at the end. Perhaps he could be persuaded by a Proms audience next year.

Richard Fairman

Music in the Queen's Hall

EDINBURGH FESTIVAL

For whatever reason, the Festival's orchestral concerts in the Usher Hall continue to draw audiences that would have looked dismayingly thin in Lord Harewood's time. Perhaps Edinburgh is now too well supplied with symphonic music during the winter; or perhaps the orchestral fare no longer exerts a special appeal for visitors from elsewhere. At any rate, there is an enormous contrast with the packed morning concerts in the Queen's Hall, which was called into play more recently as a venue for chamber music and solo recitals, and is ideal for the purpose.

There, one of this year's great successes continues: the Shostakovich Quartet's survey of their eponymous composer's 15 string quartets. They are a relatively young team (their first public appearance came between the composition of the eleventh and twelfth quartets of the cycle, in 1967), but an expert and marvellously well-balanced one. Adopting a composer's name does not of course guarantee unique authority — admirable though the Beethoven, Bartók and Alban Berg quartets are — but it is at least a token of loyal ambitions; and in fact these players expound Shostakovich with luminous sympathy.

The programme I heard on Saturday consisted of the Quartets Nos. 6, 7 and 8, which by happenchance make a particularly satisfying sequence: the first two delicate and intimate in different moods, the next — the famous C minor elegy for Dresden — severely powerful. The wealth of precise expressive detail in each performance was complemented by flawless overall shaping, so that even the catalogue of anguished self-quotations in the Eighth seemed a rigorous structure. It is no exaggeration to say that this cycle is proving revelatory: astonishing to learn that these players have never yet delivered it complete in the Soviet Union!

On the previous morning the American soprano Barbara Hendricks offered a pretty recital which ran from Haydn to Mahler. Haydn's little English songs suited her frail, appealing style perfectly — indeed, few professional singers nowadays could be so faithful to their miniature scale — and Mozart too. Her interesting pianist, Roland Pöntinen, was less smooth and suave in Mendelssohn's accompaniments than the idiom required, but in Hugo Wolf his imaginative touches added much to Miss Hendricks' innocently sincere treatment. The limits of her fragile range were uncomfortable in Mahler, especially with his heartier songs: "Rheinlegendchen" emerged as little more than dry recitation.

Maximum contrast: the legendary Brecht performer Ekkehard Schall, who can barely sing at all, has been doing late-night shows in the King's Theatre. Scathing attack, abrasive diction, scabrous wit — the exceedingly English translations of the poems and songs in the programme-book wilted in the face of this superbly truculent paean to male chauvinism, class war and the Party.

David Murray

Adam Faith in new West End musical

Adam Faith and Anita Dobson are to co-star in a new musical, *Budgie*, opening in London at the Cambridge Theatre on October 18 with previews from October 4. The director is Jonathan Lynn.

A moving triumph over adversity

There must be a moral in the respective sites of London and Paris's major movie shrines. The Cinematheque Francaise, housing the enchanting Langlois museum, sits atop a broad flight of steps and overlooks the grand vista of a Paris park. London's National Film Theatre, to be joined at the hip next month by the long-awaited Museum of the Moving Image, squats under Waterloo Bridge and fends off sonic assault from juggernauts passing overhead.

Where the French, in honouring art, love transcendent style, the British prefer heroic adversity. The site of the NFT and the new museum, (reviewed from an architectural viewpoint by my colleague Colin Amery in Monday's FT) is, to put it gently, insane. But never mind. The racket of traffic is somehow kept out; and my advance tour suggests that people will be too enthralled by the museum's contents to notice it anyway.

Snaking through the three-level themed tour of moving-image history, from zoetropes to holograms, from Lumiere to Lucas, you are in a world combining Disneyland and the Science Museum. Many of the exhibits and information aids were still missing on my visit, but there is already a sense of enchantment hand-in-hand with scholarship. As my predecessor on this newspaper, David Robinson, who helped organise the museum, rightly argues in the souvenir brochure, "MOMI must inform but it must also generate curiosity. . . It must be instructive. It must be fun."

On instruction, the jury must remain out until after the museum's official opening on September 15. Most of the text and information panels are not yet in place. But ample wall-space has been cleared for them, and visitors who remain foggy about the difference between a praxinoscope and a phenakistoscope, or between Theda Bara and Pola Negri, will be able to ask one of the eight actor-guides who will be posted through the museum, impersonating everything from film directors to usherettes.

The fun, though, or most of it, is already in place. There is a phantasmagoria theatre, in which visitors peer at the screen over the heads of a startlingly realistic Victorian audience in papier-mache. There is a Temple to the Gods in mock marble, whose Parthenon-style roof is held up by movie-star Caryatids (Fairbanks, Valentino, Pickford and Co.). There is an agit-train, whose multi-coloured exterior and movie-house interior mimics the Soviet film trains that used to pound through post-Revolution Russia. And there is a life-size Odeon facade and foyer, celebrating the immortal excesses of Art Deco.

Different exhibition areas spotlight aspects of cinema history. Rooms, alcoves or corridors are devoted to German Expressionism, Sound Effects, Avant Garde/Surrealism, Documentary, Animation and dozens more topics. At the heart of the maze of rooms on the main level is a mock sound stage, sporting a real movie crane — the one Alfred Hitchcock brought over from the US to make *Under Capricorn* — and with booths round its sides. Here visitors can try out different technical crafts: make-up, special effects, cinematography, editing, even scriptwriting.

The final part of the tour is the top-floor television area. This seems the dullest part of the museum. Television may be a less showy medium than cinema, but one still suspects that more could have been done. A serried row of quaint old post-war TV sets, pushing out pre-colour images, does not quite make the pulse race. And the mock 10 Downing Street facade, with a front-door open to reveal five TV monitors atop each other, each alive with the image of a recent PM, sounds like an invitation to run in terror from the museum.

A statue of Theda Bara is one of the supports of the museum's "Temple to the Gods"

However, I did like Nam June Paik's globe-headed robot sculpture, bursting with images from the monitor-housings all over his body. And I liked the "typical British family" (Mr and Mrs Papier-mache with dog and daughter) eating their baked beans, egg and chips in front of the telly, only to be startled rigid when a rear-wall curtain parts to reveal a Cinemascope screen alive with *The Robe*.

Wide screens were cinema's answer to the 1950s threat from the cathode-ray tube. Since then each medium has constantly attempted to gazump the other, finding new audio-visual or communicational values with which to outprice its rival. In the process, television has found the larger audience, but movies have found the larger mythology.

There is an enchanting Olympianism — gaudy, foolish, irresistible — about cinema's idea of its own importance, to which MOMI's Temple to the Gods is a perfect tribute. The museum recognises, and for the most part celebrates, the fact that make-believe and grandiloquence are much of what people love about moving pictures. When this sense of fun and spectacle is joined by the promised largesse of information, the Museum of the Moving Image should be a place to cherish.

Nigel Andrews

I Capuleti ed i Montecchi

ALBERT HALL

The Prommers did not flock to Sunday's concert performance of Bellini's opera, given by the BBC Symphony Orchestra and Singers under John Pritchard. This was their misjudgment, and their loss, for though in advance it might have been feared that Bellini's Romeo-and-Juliet opera, so pithily dramatic, would not be comfortably accommodated in concert circumstances, the suitability of the Albert Hall to bel canto opera was demonstrated soon enough. The melodic lines — instrumental no less than vocal — reached across the spaces to seize the audience's attention; there was no gap between the performers' artistry and the listeners' involvement. Many a Bellini production has seemed less inherently dramatic in effect.

For the excellent sense of style which guided the whole performance we had the conductor to thank, more than any other single participant. Indeed, there is no other living conductor I would rather hear in early-Ottocento Italian opera. Pritchard's control of mood, span, and timing in Bellini has been praised whenever he has conducted *Norma* at Covent Garden; here, in the young Bellini's first full demonstration of operatic mastery, the same virtues combined to assert the unmistakeable originality of Bellini's dramatic ground-plan.

Insensitively handled or else too fiercely driven, the work sounds uneven, full of commonplace formula and comparatively deprived of the long melodies that were later to be this composer's trademark. Under Pritchard's firm yet eloquently supple direction all the right points were made, but without the least heaviness or insistence. The beautifully limpid, singing quality of the orchestral playing was the performance's secure basis; there should be words of praise for at least three of the instrumentalists — Derek Taylor (horn), Timothy Hugh (cello), Colin Bradbury (clarinet) — quite as warm as for any of the singers.

The leading roles were interestingly and successfully assigned to two singers better known on the continent than in Britain (perhaps this is what kept away the canary-fancier crowds). The American soprano Lella Cuberli (Juliet), whom previously I've admired in Rossini's *Tancredi* in Venice, is complete mistress of Bellinian cantilena. Her tone, tenderly glowing yet capable of vigorous brightness, is malleable, and she has the gift — essential in this particular operatic genre, yet so often neglected — of floating a line, caressing and drawing it out, without at the same time giving in to mannerisms or swooniness. The French mezzo Martine Dupuy (Romeo) is a distinctive singer with an exciting, not conventionally beautiful instrument: she was less smooth and subtle than her partner, more impassioned.

The mixture of female voices and temperaments was just as it should be; the two played together with touching skill and sympathy. The men were on a different, and somewhat lower, plane — Keith Lewis a practised Tybalt (whose timbre I find unsuited to Italian opera), and two rather heavy basses — Eric Halfvarson and Roderick Kennedy — as Capulet *père* and Friar Laurence. But the minor qualms that they occasioned were unimportant: this opera is the principals' show, and the conductor's, and thus was here a notable success.

Max Loppert

ARTS GUIDE

August 19-25

MUSIC

London

New York Philharmonic Orchestra, conducted by Zubin Mehta. Beethoven, Ellen Taaffe Zwilich and Stravinsky. Henry Wood Promenade Concert season, Royal Albert Hall, Kensington Gore (Tue). (589 8212).
BBC Symphony Orchestra, conducted by David Atherton with Lucia Popp (soprano) and Thomas Allen (baritone). Britten and Mahler. Royal Albert Hall (Wed).
BBC Philharmonic Orchestra, conducted by Edward Downes with Ida Haendel (violin). Mendelssohn, Alexander Goehr and Beethoven. Royal Albert Hall (Thur).

Paris

Quatuor Parisii, with Philippe Cassard (piano). Roussel, Fauré, Beethoven Auditorium des Halles (Tue 7 pm).
Alice Ader (piano). Olivier Messiaen's Les Vingt Regards sur l'Enfant Jesus. Auditorium des Halles (Wed 8.30 pm).
Australian Youth Orchestra, conducted by Christoph Eschenbach, with Tzimon Barto (piano). Graeme Koene, Rachmaninoff, Messiaen, Ravel Radio France, Grand Auditorium (Thur 8.30 pm).

New York

Mostly Mozart Festival. Mostly Mozart Festival Orchestra, Gerard Schwarz conducting, with the Mostly Mozart Festival Chorus directed by Joseph Flummerfelt: all-Haydn programme (Tue, Wed). Beaux Arts Trio, with a programme of Haydn, Mozart, Mendelssohn (Thur). Avery Fisher Hall, Lincoln Center (874 2424).

Juilliard Concerts. Hong-Ying Ho: violin and piano recital. Stravinsky, Prokofiev. Free concert at IBM Atrium, 56th & Madison, Wed 12.30.

Washington

Wolf Trap Festival. Pop concerts this week include Kenny Loggins (Tue); Roy Orbison and Carl Perkins (Wed); and Gordon Lightfoot (Thur). (432 0200).

Tokyo

Yomiuri Nippon Symphony Orchestra Summer Festival. Opera Concert (Verdi, La Traviata etc.) (Wed); Concertos (Mendelssohn, Dvorak, Tchaikovsky) (Thur). Suntory Hall (270 6191).

OPERA AND BALLET

Amsterdam

Stadsschouwburg. The English-Speaking Theatre of Amsterdam in Agnes of God by John Pielmeier, directed by Bryce Pedersen (not Sun or Mon). (24 23 11).

Hamburg

Staatsoper. The opera house begins the season, under its new directors Gerd Albrecht and Peter Ruzicka, with a concert version of Therèse by Massenet. The cast stars Agnes Baltsa, George Fortune, Richard Leech, Urban Malmberg, Peter Haage, and will be conducted by Gerd Albrecht.

Verona

Arena. Aida, with Grace Bumbry as Amneris, conducted by Donato Renzetti. Also: Ponchielli's La Gioconda, conducted by Christian Badea; Turandot with Galia Savova, Patrizia Orciani and Bruno Bonisolli; and a ballet by Lorca Massine — Zorba the Greek to Theodorakis's music, conducted by the composer. (596517).

Pesaro

Teatro Rossini. Pier Luigi Pizzi's production of Rossini's Otello opens this year's Rossini Festival, with John Pritchard conducting the RAI Orchestra from Turin. The cast includes June Anderson, Chris Merritt, Rockwell Blake, Ezio di Cesare and Giorgio Surjan.

New York

New York City Opera. The week features Lotfi Mansouri's new production of Il Barbiere di Siviglia, conducted by Sergiu Comissiona, along with Mefistofele, La Bohème and Lucia di Lammermoor. State Theatre, Lincoln Center.
Lincoln Center, Out-of-Doors Festival. This week's free performances in the month-long festival, held in the plazas and Damrosch Park, include Prime Movers with soloists Felicia Norton and Yves Musard (Tue 5pm); Gunter Hampel and the Time and Space Galaxy (Wed 12 noon) and a Country Dance Party (Thur 8.15pm). (877 2011).

Washington

Wolf Trap Festival. Wolf Trap Opera Company, using Maurice Sendak's whimsical sets from Glyndebourne, perform The Love of Three Oranges (Thur). (432 0200).

Chicago

Ravinia Festival. A week of performances by the Hubbard Street Dance Company, a popular local modern dance troupe led by Lou Conte, combines ballet, jazz and tap idioms. (728 4642).

Tokyo

Chang Mu Dance Company from South Korea. Sunshine Theatre, Ikebukero (Tue-Thur). (987 4369).
Teshigawara/Saburo (avant garde dancer). Outdoor Theatre, Ikebukero (Tue, Wed). (987 4369).
Rudolf Nureyev and dancers from the Paris Opera Ballet. Koseinenkin Hall (Tue-Fri). (950 4666).

London Philharmonic

ALBERT HALL

The London Philharmonic has completed its summer tour of duty at Glyndebourne, and its first concert at the Proms this year had a genuine feeling of celebration. It is rare for one of the London orchestras to appear at the Albert Hall and play with the vividness that suggests something more than routine. But the LPO on Saturday's form gave the impression of being a distinguished visitor, eager to display itself in the finest possible light before a capacity house.

Andrew Litton was the conductor for the evening, and Salvatore Accardo the soloist in the Mendelssohn Violin Concerto. The concerto proved to be the least distinguished element of the programme — Accardo's customary poise and polish temporarily deserted him and the performance consequently remained thoroughly earthbound. Litton had led off much more positively with Chaikovsky's *Romeo and Juliet* Overture, to which the incisive edge to the wind solos and crisp string chording lent genuine dramatic pace. An ideal account would have depended upon a more luxurious sound; the LPO fell short only in the richness of its playing, and not at all in its commitment.

Shostakovich's Tenth Symphony provided a test of more severity altogether, not least for the conductor. Whatever the programmatic background to the symphony, whether it was intended as a piece of autobiography or, as *Testimony* suggested, as a portrait of Stalin or even (perhaps more likely) a bit of both, it is a multi-faceted work in which the arching structures set great demands of concentration on interpreters. Downright bad performances of the Tenth are rare, outstanding ones rarer still.

Litton elected to play down its tragic aspects — even the scherzo, immaculately played by the LPO, was less the standard torrential assault than a lithe demonstration of orchestral virtuosity, and the focus of the slow movement was directed towards its rapt interlocking of paragraphs in which the wind playing was outstanding. He had found particular resonances in the coda to the first movement, drawing out its lingering strands and isolated chords with great care to suggest that he has the elements of a great interpretation of the work within his reach. Litton's knack of requiring an orchestra to give consistently of its best is already proved beyond doubt.

Andrew Clements

FINANCIAL TIMES

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Tuesday August 23 1988

Mr Botha's dilemma

SOUTH AFRICAN politics presented an incongruous spectacle last week. President P.W. Botha offered Nelson Mandela his good wishes for a speedy recovery, hinted that his release might be in sight, but went on to reaffirm his commitment to the system the African National Congress leader is determined to overthrow.

Mr Botha is in a predicament. He is caught between growing demands for the release of Mr Mandela, whose health arouses concern, and the impact this would have on the ruling National Party, which is seeking to retain the loyalty of the white electorate in the face of a challenge from the far right.

He would like Mr Mandela to help him out by renouncing violence in return for liberty. No one expects Mr Mandela to do this, leaving Mr Botha in the awkward position of having to choose between the narrow electoral interest of his party (some of whose members are urging the President to defy the extreme right), and the wider interests of his country.

The ANC leader, who has tuberculosis, was removed from Pollsmoor prison in Cape Town to hospital for treatment. There is no reason to think that he will not recover. The episode should none the less concentrate the President's mind on the consequences of South Africa's leading black politician, who turned 70 last month, dying in jail.

International sanctions

It would almost certainly lead to demonstrations and strikes on a scale unprecedented even by South Africa's standards. It would fuel the campaign for an intensification of international sanctions. Most important of all, South Africa will have lost the chance to open negotiations for a democratic society with a man who may be able to transcend the divisions in black politics.

It adds up to a compelling case for Mr Mandela's release. From Mr Botha's perspective, however, the terms Mr Mandela has set for his release must seem difficult to accept. Mr Botha told a National Party congress in Durban last week that he hoped Mr Mandela would make it possible for him to act in a "humane way," implying that if the ANC leader renounced violence his release would follow -- an offer first made in 1986.

On that earlier occasion Mr Mandela said that he would accept freedom only if it was offered without conditions. There is no indication that he has changed his mind while on his sick-bed. He will only disavow violence if the Government lifts the ban on the ANC and other political parties, and begins negotiations for full political rights to South Africa's 26m black majority.

The very speech in which Mr Botha hinted at the possibility of Mr Mandela's release showed how wide the gulf is between the two men. Set aside his categorical statement that he was "not considering even to discuss the possibility of black majority rule," for it may well be that South Africa will not follow the constitutional pattern of other African states.

Fundamental changes, including the dismantling of apartheid, are nevertheless inevitable. Yet Mr Botha took the opportunity to underline his commitment to the Group Areas Act, expressing his determination to press ahead with changes to the Act which would consolidate one of the pillars of segregation.

Extremist challenge

Clearly Mr Botha was attempting to head off the challenge to the ruling National Party posed by the extreme right-wing Conservative Party, already confident of making gains at municipal elections on October 26. Yet whatever success Mr Botha has on this front will be at the expense of efforts to come to terms with black aspirations.

As long as Mr Mandela is in jail — or under armed guard in a hospital, or sanitorium — Mr Botha's attempt to initiate constitutional change are stymied. Every black leader of status and credibility, including Chief Mangosuthu Buthelezi, who is outspoken in his opposition to economic sanctions and disinvestment by foreign companies, have made Mr Mandela's release a condition of their participation in the Government's proposed National Consultative Council.

It may be that Mr Botha is looking for a middle way: release Mr Mandela without conditions, but use the state's Draconian emergency powers to curb his activities. This falls far short of what is needed — round table talks on a new constitution. But it at least might bring South Africa a little closer to that objective.

New target for UK takeovers

IN THE LAST few months a growing number of British companies has been announcing takeovers or joint ventures on the Continent. Often involving medium-sized and smaller companies, most of the deals are explicitly designed to create stronger market positions in advance of the removal of the European Community's internal barriers in 1992.

It is too early to conclude that takeover activity is shifting from the US to Europe: the largest British companies seem far more preoccupied with North America. But the increasing interest in Continental purchases is reminiscent of the wave of takeover activity that took place in the early 1970s, just before and after the UK's entry into the EC. The important question is whether the mistakes which were made at that time can be avoided.

Neglected market

In the earlier period many British companies were faced with the need to reorientate themselves rapidly to the needs of a market which had traditionally been neglected in favour of the Commonwealth, other developing countries and to some extent North America. There was a rush to establish bridgeheads on the Continent and a tendency to under-estimate the very different commercial and legal environment which prevailed in much of the Community.

More fundamental was the failure to appreciate that the key to success in the enlarged European market lay in the competitiveness of the products and services which the British company had to offer, and that deficiencies in this respect could not be corrected simply by making acquisitions on the Continent.

Disillusionment with Europe, combined with poor economic prospects after the 1973 oil crisis, stimulated a surge of British takeover activity in the US in the second half of the 1970s and in the 1980s. Here, too, despite the common language and a similar financial system, some serious mistakes were made. The task of managing and integrating US acquisitions, especially the big ones, proved difficult. In the US, as in Europe, too many companies did not analyse with sufficient rigour what additional strengths — new products, manufacturing knowhow or marketing skills — they would bring to the US company and thus improve its performance.

Fewer barriers

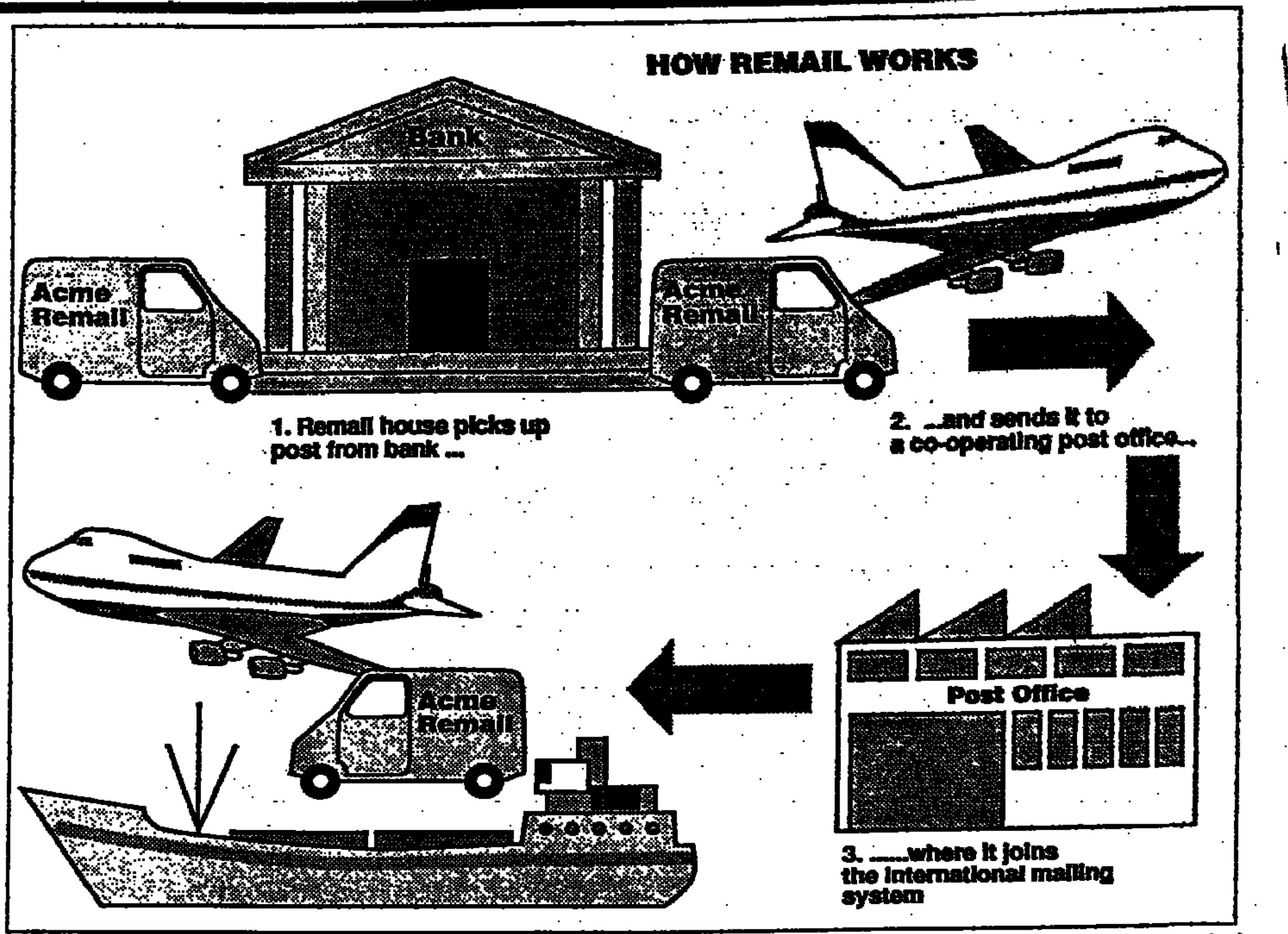
It is arguable that one of the advantages of the 1992 programme should be to reduce the need for cross-border acquisitions. With fewer barriers separating one national market from another, it should in principle be easier for a manufacturer, operating efficiently from one site, to supply the whole of the European market. As long as distribution arrangements are adequate, a network of local manufacturing operations, which in any case poses management problems of its own, may no longer be appropriate. The crucial point is that in any acquisition or joint venture there should be genuine economies of scale or other synergies which enhance the competitiveness of the combined group.

As the 1992 programme gathers pace, some of the institutional obstacles to cross-frontier mergers should be reduced and this will be all to the good. There is still too ready an assumption among British businessmen that the Continent is an alien world. Incursions by European companies into the UK may gradually change this attitude, but it would be wrong for British companies to react by rushing into ill-considered takeovers of their own.

Preparing for 1992 may require changes in product design, in manufacturing methods and in marketing. Takeovers are only one possible element in the strategy, and not necessarily the most productive.

Kevin Brown reports on a battle for international mail that pits private sector against public

A postal challenge delivered



The British Post Office has a powerful defender in Mrs Margaret Thatcher, who has publicly declared her emotional attachment to the Royal Mail and her determination to exclude it from the wave of privatisations sweeping the UK's state-owned industries. However, even the Prime Minister is unlikely to be able to protect the Post Office from a growing threat to its international business from aggressive private sector competitors.

This is partly because the future of international mail is out of the hands of individual governments — the important decisions will be taken by the European Commission, in Brussels, and the Universal Postal Union, in Washington. It is also because a number of private companies have shown they are determined to provide a competitive service and are prepared to invest huge sums to expand their market share.

Their determination was illustrated last month when the International Express Carriers Conference, which represents the eight biggest private companies, made a formal complaint to the Commission accusing seven European post offices of trying to put its members out of business by rigging prices.

In 18 years, the private mail companies have built a $16bn global business

The complaint came as a shock to the postal administrations, which did not expect to face a legal challenge as well as a commercial one. The move is significant as a signal from the private sector that its backstage campaign for fundamental reform is entering a new phase — one of confrontation.

The stakes are high. What was once an international public sector monopoly has changed rapidly since Adrian Dalsey, Larry Hillblom and Robert Lynn set up DHL, the first private air courier service, in San Francisco 18 years ago. Since then, the private companies have built a global business worth more than $16bn (£9.34bn) a year, including domestic revenue of about $8bn in the US, the biggest single market. The aim of the private companies is to establish an international regime for postal services which would allow free competition between public and private sectors throughout the world.

They believe their entrepreneurial skills, combined with experience gained in the domestic markets of north America, Australia and Europe, would allow them to cream off a lucrative share of the most profitable business.

According to Mr Gordon Barton, chairman of the IECC, the international postal industry is on the verge of a shake-up which will be as significant as the introduction of penny post in Britain in 1840.

The postal administrations have not taken private sector competition lying down. Most have established or strengthened their own express services, such as the UK's Datapost subsidiary. Twelve north American and European post offices have established a joint distribution hub in Brussels designed to help them compete with the independent networks.

The main focus of the current dispute is called "remail", an extension of the activities of the express companies, that has been developed over the last couple of years. The new business is particularly controversial because it requires direct co-operation between private operators and "progressive" post offices to take business from more conservative administrations.

Remail involves the collection of business mail by private companies, which transport it to one of a number of co-operating post offices in Europe and elsewhere.

The mail then goes into the international postal system for onward delivery, in some cases being mailed back to the country of origin. In effect, this puts national post offices in competition with each other for international business.

The service is used principally by large commercial organisations making regular shipments of documents such as bank statements, prospectuses, corporate reports and mail shots. The remailers say they are able to undercut established rates because their integrated transport systems are more efficient than the less sophisticated systems used by the post offices, which have tended to rely on buying belly space from the commercial airlines. Most of the companies use the hub and spokes distribution system developed in the US by Federal Express, under which all mail is consolidated at a central location before being distributed.

The biggest European flow of remail is from customers in the UK, where the whole market for private-sector postal services is more developed than elsewhere, through the remail houses, to post offices in the Netherlands, Belgium, Denmark and Luxembourg. The size of the market is almost impossible to quantify, since none of the companies involved publish figures.

However, Mr Paul Moorhouse, general manager of TNT Mailfast, the biggest remail company, estimates the European market at about 90 tons of mail a week, with annual revenue in the region of £50m. More important, he estimates the growth rate at up to 100 per cent a year.

Now the post offices are being accused by the IECC of resorting to dirty tricks to force the remailers out of business. The IECC's complaint to the Commission accuses the post offices of the UK, Belgium, Finland, France, The Netherlands, Sweden and Switzerland of conspiring to breach the Treaty of Rome by an illegal adjustment of their price structures for international mail — known as terminal dues — to penalise the private carriers.

Terminal dues came into existence as the arrangement under which national post offices compensate each other for handling international mail. The dues are agreed bilaterally between national administrations, which means they are paid only where there is an imbalance of mail. The dues are also, however, the way co-operating post offices charge the remail houses for handling their letters. Since remail houses do not perform compensating services for the post offices they use, however, they are always in imbalance. So terminal dues are charged on all remail — making the business particularly vulnerable to any change that pushes up the cost of the dues. That is exactly what the postal authorities' adjustment of terminal dues has brought about. The IECC calculates that the new agreement would increase the cost of sending a 20 g letter by remail from 4p to 11p.

The principal villain identified in the IECC complaint is the UK Post Office, which wrote to its European counterparts in April last year calling a meeting in London to respond to the challenge from remail. Part of the letter, quoted in the complaint, reads: "Remailing poses a serious threat to the future relationships of postal administrations. Airmail letter traffic, the traditional preserve of postal administrations, is now being strongly attacked by large multinational companies . . . it is vital to consider whether there is a common policy we can adopt to counter the activity of these companies."

It was this meeting which led to the agreement to revise terminal dues. Oddly, the signers of the agreement include several of the post offices which have benefited most from co-operating with the remailers. The IECC complaint says these post offices "appear to have been induced to subscribe to an agreement contrary to their own best interests by threats of retaliation."

The post offices say the revision of terminal dues is a move towards a system based on the actual costs of handling foreign mail, rather than administrative convenience, and should therefore be welcomed by the private companies. This is rejected by the IECC, which says costs vary from one EC post office to another by a factor of three or more. It says it is no more reasonable to use average costs to set terminal dues than it would be to use average airline fares to justify a single non-competitive air fare within the European Community.

The most important point about the terminal dues agreement is that it appears to be an attempt to prevent post offices from competing with each other for remail business. This is at the heart of the private companies' complaint that the international postal system is out of line with modern commercial practice.

Mr James Campbell, the Washington-based secretary of the IECC, says that post offices are competing with each other as "a matter of operational reality, not ideology". He adds: "There is no economic reason why all international mail must be handled by the local post office. Different national post offices can feasibly compete as regional collection and distribution hubs. Compared to the traditional patchwork of local monopolies, regional hubs for international mailings offer benefits of economies of scale and improved end-to-end service."

The objective of the IECC's complaint to the Commission is both to secure an important bridgehead for liberalisation in Europe and to put pressure for more widespread change on the Universal Postal Union, the international regulatory body for postal services, which is to hold a rules revision conference in Washington next year.

There are indications that some Western governments do accept the need for change. Most notable is the attitude of the US Department of Commerce, which has said the terminal dues revision would "perpetuate an anachronistic system that is fundamentally at odds with free market economic principles." The US is expected to put this view forcefully at a meeting of post office directors in Washington next month.

There are also signs of flexibility among the European post offices. Mr Cedric Briscoe, general manager of the UK's international letter services and chairman of the Posts Commission of the European Conference of Postal and Telecommunications Administrations — a semi-autonomous grouping of European UPU members — says there is a growing acceptance that a regulatory review is necessary.

Mr Briscoe says the terminal dues agreement is the first step towards the establishment of a fully cost-based system for handling international mail, which the European post offices hope to propose to the UPU revision conference next year. It is unlikely, however, that Third World countries, which have a majority of votes in the UPU, will agree to such a radical step in the near future.

It is also unlikely that the European post offices themselves would accept moves towards a fully deregulated environment, even within the EC. Mr Briscoe concedes that private competition has stimulated a competitive response from the postal establishment, but insists that a fully deregulated system would lead to anarchy, not opportunity.

The principal villain identified in the mail companies' complaint is the UK Post Office

On the other hand, officials say privately that the profitable UK Post Office is so much more efficient than its counterparts in mainland Europe that it could prosper in a deregulated environment by operating as a huge regional distribution hub for the Continent.

The outcome of this clash between public service and private initiative hinges in the short term on the commission's ruling on the IECC complaint and the reactions of UPU members at next year's conference. Europe's post offices accept that they have a fight on their hands. "In parts of the world the private companies have taken the post offices to the cleaners and we are not going to lie down and take it," says Mr Briscoe. "I think they thought we were easy meat, but we are not."

OBSERVER

Hicksville Redux

■ Does anyone remember the dismissive references to the white Rhodesia of Ian Smith as "Surbiton in Africa"? Or the late David Holden's description of Rhodesians behaving as if after a collective frontal lobotomy? Maybe the time has come to apply the revisionist theory.

We could start with cricket, of course, which is about to be renamed Hicket, but which doesn't end with the great man himself. Paul Parker and Kevin Curran should be in the English team anyway, while Brian Davison could be extracted from retirement to captain it. Bruce Grobbelaar surely would do as wicketkeeper, because he would wear bigger gloves than at Anfield. There are also some very decent golfers. Nick Price nearly won the British Open this year and Mark McNulty is in the same class. A few years back Colin Dowdeswell did rather well at Wimbledon.

If this conjures up images which create another stereotype — Rhodesians in "tackies" (tennis shoes) and shorts, strong on brawn, short on brain — think again. Robert Jackson survived the rugby fields of Falcon College near Bulawayo to become one of Mrs Thatcher's education ministers. Rupert Pennant-Rea (another Bulawayo boy, decent tennis player) is editing The Economist. Young William Burdett-Coutts (his father is chairman of the Zimbabwe Stock Exchange) is in charge of the Edinburgh Festival's Fringe. Merle Park graced the London ballet scene for years. John Gordon Davis has been on best seller lists, albeit not in the same category as Doris Lessing.

There are also one or two "honorary" Rhodies, so designated on the grounds that the country moulded them during their formative years, such as Malcolm Rifkind, Secretary of State for Scotland, ex-University of Rhodesia, and Tiny Rowland, of Lonrho, who first discovered his entrepreneurial flair in Rhodesia.

It is a range of talent that Surbiton will never send into the world. For an answer I turned to Michael Holman, the FT's Africa Editor (born Gweru), whose theory runs roughly like this.

Perhaps it says something about the nature versus nurture debate. In a way, Rhodies *did* come from Surbiton, though some had a pedigree that went back to the 1890 settlers. But many, reluctant as they are to admit it, were born "Brits", arriving as part of the three waves of immigrants — after the Second World War, during the boom years of the Central Africa Federation, or during the Ian Smith heyday of the early 1970s. They must then have assimilated at least some of the values (or perhaps reacted against them), and learnt the skills, that subsequently stood them so well.

The tide then turned, and all but 75,000 left Rhodesia, now Zimbabwe, for different reasons. But something has helped many to emerge from the process of assimilation (or re-assimilation) and flourish in sport, the arts, politics, medicine, journalism, and other careers.

It may of course be a privileged background, or the frontier spirit transplanted from Africa — although many Rhodies got no closer to the bush than frying sausages on the braai at the rugby club. For some, adversity brought inspiration and determination. Perhaps it's simply that every displaced or relocated minority, given resources and opportunity, makes a special effort — like Uganda's Asians.

Perhaps Graeme Hick could tell the English cricket team what it is.

"I desperately want to join Alcoholics Anonymous but I can't seem to find the time."

Hiccoughs

■ Did you know that Japanese exports of bananas to Italy, rubber boots to Belgium, razor blades to Spain, dinner plates to West Germany and forks and spoons to Denmark are all restricted by quotas? Well, they are, and the Japanese Government is very upset about it. It is not that these products are, or ever have been, at the forefront of Japan's export drive. Nor have the quotas on these and some 89 other Japanese products in various European countries had much of a dampening effect on Japan's trade surpluses with the EC, which was running at a cool $1.9bn last month. No, it is the principle of the thing. The Japanese find it insulting that most of the quotas are directed specifically at them. "Why on earth do the West Germans block our exports of tableware?" an exasperated trade official asks. "Our manufacturers could no longer be competitive there even if the quotas were removed," he said. Most of them are leftovers from a time when Japanese trade practices in a number of traditional sectors were more aggressive than they are today. Others are more blatantly protectionist. Not surprisingly, the largest collection is in Spain, with 41, followed by Italy with 36, Portugal with 23 and France with 17. The only country with none is the UK. The Japanese Government is thinking of taking the EC to the GATT over the matter. The EC Commission would rather see it put into the Uruguay Round. No comment has been heard from the Japanese banana sector.

Hickory

■ Whenever a vice presidential running mate is picked in the US, the hyperboles flow, but honesty dries up. An honourable exception was Barry Goldwater. Up against LBJ in 1964, he selected a backwoods Republican congressman, Bill Miller, who was almost as obscure at the time as Dan Quayle of Indiana was a week ago. There was no guff about charisma, gender gaps and regional needs. His rationale was dead simple: "Bill Miller drives Lyndon nuts."

Hic transit

■ It was Barnum, Bailey or both who made a fast buck by charging customers to see the egress, and some old tricks are too good not to repeat. Thus, when the heavens opened on the Hampton Court maze on Saturday afternoon, one bright young spark, armed only with a knowing smile and a makeshift map, was doing a tidy business showing bewildered tourists the way out, at 50p a head.

Jurek Martin

Sara Webb on Sweden's recent spate of scandals

When trust is destroyed

"Amateurishness, a sense of duty, and clumsiness had worked hand in hand. One has to understand that. It is very Swedish".

The quote, from Ingmar Bergman's autobiography, refers to the film director's rough handling on charges of tax evasion (he was eventually exonerated) back in 1976 when he was ushered off the stage during a rehearsal and hauled before the police.

But it could just as easily apply to the proliferation of scandals which have hit Swedish society in the past two or three years and which have led many Swedes to question why their staid corner of the world is now afflicted by the rottenness they usually associate with banana republics and the less tidy, less desirable parts of the developed world.

Some scandals, such as the collapse of Fermenta, the antibiotics and animal health company, and the huge losses run up in options scandals, seem to reflect the lack of tight controls in Stockholm's financial district.

Others would fit more comfortably in the pages of a John Le Carré or James Bond story – scandals surrounding the hunt for Olof Palme's murderer, arms smuggling to the Middle East, and the escape of the country's top spy.

The problem is that Swedes set very high standards and then experience difficulty in meeting them. "We thought we were the moral yardstick of the world," says one Swedish journalist. Those on the receiving end of Sweden's preaching were not so kind: the country was dubbed "the leading exporter of unsolicited advice" by one critic.

The moral message at home has not been so clear. While officially banning arms sales to the Middle East and other areas of conflict, the Government has given misleading signals to the arms industry. It was said that Palme and Rajiv Gandhi would discuss world disarmament in the morning and Swedish arms sales to India in the afternoon – Sweden's Bofors later won a SKr 8bn (£700m) gun order from the Indian defence forces. Perhaps it is not surprising that Swedish arms dealers thought there was nothing wrong in using false end-user certificates to fix arms sales to out-of-bounds countries.

Swedes have traditionally placed enormous trust in their politicians and the authorities. They expect them never to tell lies, always to act in the public good, never to fiddle even the tiniest sums of money or use legal methods of tax planning which could be construed as immoral – without realising that the paltry sums paid to high ranking officials coupled with the country's high taxes sometimes served to encourage this.

The climate has definitely changed, though. Nowadays, when members of the public are questioned in the media about the spate of scandals, they show a lack of confidence in their politicians' honesty and suspect them of cover-ups. The media are far less deferential these days. "We are no longer steamrollered by the Palme publicity machine," says Staffan Heimerson, a columnist on Aftonbladet, the left-wing evening paper.

The authorities were considered well-organised and efficient when it came to dealing with routine business, but have proved they are completely thrown by anything out of the ordinary like a political assassination. The last one (of King Gustav III) took place in 1792, and the Swedish police and secret service seemed to have little reason to build up a competent anti-terrorist squad: the threat of terrorist activities was seen to start outside the Swedish borders. And Swedes harbour a natural dislike of the methods normally associated with monitoring terrorist groups, such as telephone tapping and registering suspects.

Facing the voters: Ingvar Carlsson, Sweden's Prime Minister

It is this unease over the security police which has led to the worst political scandal for the ruling Social Democrats this summer – the so-called Ebbe Carlsson affair.

In power for 50 out of the last 56 years, the Social Democrats have a tight hold over most aspects of public life. In his book The New Totalitarians, Roland Huntford describes how the Social Democrats have a powerful grip on the bureaucracy. The book was published in 1971 and was hated by the party. Even so, some political observers believe that Huntford's analysis has proved, if anything, more telling with time. When the non-Socialists ruled between 1976-1982, they frequently encountered difficulties in changing policies in departments which were well-stocked with career Social Democrats.

The police and secret service (Säpo) have contained more right-wing elements, however, and have long been distrusted by the Social Democrats. The official Palme investigation, headed by Hans Holmer, the head of the Stockholm police force, was characterised by a series of bungles. Holmer, a member of the Social Democrats' inner circle, was allowed to pursue his theory – that the PKK, the Kurdish Marxist-Leninist Workers' Party was behind the murder – for months before being fired, even though the prosecutor said the evidence for the theory was inconclusive.

Holmer was allowed to run up a bill of over SKr 5m on personal bodyguards for protection even after he had been dismissed from the job and was under no obvious threat, and he procured sophisticated weapons (built into briefcases) for his bodyguards, with which they marched around at press conferences.

Once fired, his shadow continued to fall over the murder investigation – though unofficially. His close friend Ebbe Carlsson, a publisher who was once a Justice Ministry official, took up the PKK theory. He won approval and a letter of recommendation to the British Secret Service from the Justice Minister, Mrs Anna-Greta Leijon. The private investigation was staffed with several close friends, one of whom was later caught smuggling bugging devices into Sweden.

Prime Minister Ingvar Carlsson has anxiously been playing down the whole affair which erupted only three months before a close-run election, due on September 18. Party loyalists like Mr Carl Lidbom, Sweden's ambassador to Paris who was called in to investigate Säpo, said the Ebbe Carlsson affair was no more serious than a parking offence. Dissenting voices within the party were told their opinions didn't count.

It is this arrogance and apparent abuse of power which has angered opposition parties and even the left-wing press. Few believe that Palme's assassination will ever be cleared up. It has resulted in endless harrowing speculation and clutching at straws.

Perhaps secretly the Swedes would like to believe that there was an Iranian or Kurdish link to the murder, and that Iran ordered Palme's assassination because he threatened to halt illegal arms sales – though there is no evidence for this. Such a theory would raise the murder to a more international level – but it also conceals the real fear that such a well-ordered society could have produced the killer itself.

FOREIGN AFFAIRS

Questions of right and might

Edward Mortimer considers the record of the UN in dealing with the world's trouble spots

The United Nations, long the favourite whipping-boy of populist politicians and commentators throughout the Western world, is suddenly back in favour. The Soviet withdrawal from Afghanistan, the ceasefire in Angola, and above all the end of the Iran-Iraq war are cited as evidence that the world body is, after all, good for something.

Mr Javier Perez de Cuellar, the Secretary General, is not just basking in this unaccustomed popularity, but seeking to bring the momentum thus generated to bear on some other long-running conflicts. Obviously, that is the right thing to do and it would be churlish to deny him his share of the credit for what has been achieved. But it will be as unhelpful to congratulate "the UN" on these achievements as it was to blame it for the non-resolution of the same conflicts in the past.

The UN is not an independent entity, but a set of mechanisms at the disposal of its member states. What needs to be examined is the use that its members have made of it.

Criticism of the UN often focuses on the Secretariat because that is the one body which clearly represents the UN as such, as opposed to the member states. The criticism has usually been that it is ineffectual and lacking in initiative or political courage. But this criticism is largely misdirected because (in the words of Professor Paul Tavernier of Grenoble University): "The Secretary General is essentially a subordinate organ . . . his functions are mainly administrative and executive of decisions taken by the principal organs, namely the General Assembly and the Security Council."

In the last two decades the General Assembly has provoked much of the disaffection towards the UN in Western countries, especially the US, because of its propensity to pass resolutions either directly critical of the US and its policies or otherwise offensive to Western public opinion, such as the famous "Zionism is racism" resolution of 1975.

The fact that these resolutions have been largely declaratory, reflecting the frustrations of Third World governments at the distribution of power and wealth in the world but doing little or nothing to alter it, has not mollified the critics but provoked the additional criticism that the UN is nothing but a pointless talking shop.

Seen from the other end of the telescope, however, it is the Security Council that is to blame for preventing the principles set out by the General Assembly from being translated into effective action. The Security Council, after all, is the body entrusted by the Charter with the responsibility for taking action to deal with threats to the peace.

Those who drafted the Charter assumed that such action would be taken primarily by the great powers, which was why the five great powers of the time were made permanent members. Indeed, there is even on paper a military committee composed of their five chiefs of staff.

It was also assumed that the five could act effectively only if they were all in agreement: hence, the veto. In practice, they never have been in agreement to take joint military action, and only in very rare cases to take joint economic action. Inevitably, this has over time eroded their moral authority as well.

Not since 1948, in Palestine, have the parties to a war ceased fire simply because the Security Council ordered them to do so – and even then it lasted only a few weeks. In the latest crisis, even when Iraq and Iran had both proclaimed their acceptance of a resolution calling on them to cease fire "immediately," the Security Council did not feel able to name a date and a time without obtaining the agreement of both parties in advance.

Thus, the "success" of the UN in ending this war is rather modest by the standards that its founders expected of it. It has proved its usefulness once again as a forum in which diplomacy can be conducted, and as a neutral entity to which a state can more easily make concessions than it can directly to its adversary.

The Secretary General did some valuable diplomatic spadework and the member states are now providing military observers to undertake a "peace-keeping" role under the Secretariat's direction – which really means consolidating a ceasefire by giving each side greater confidence that the other side will not be able to violate it undetected. This last function, not foreseen by the Charter, has now become traditional and must be considered the UN's most creative innovation to date.

None of that should be despised, but nor should it disguise what has actually happened. The UN, after failing to prevent the war and then allowing it to continue for nearly eight years, has been called in to register the result now that neither party reckons to achieve any further advantage by fighting on. And that result has been reached by one side resorting to the use of weapons banned by international treaty since 1925.

That is one interpretation. Another is that the great powers, having decided among themselves which party they held responsible for prolonging the war, proceeded to give such material aid to the other party as in due course enabled it to prevail. The Western powers allowed Iraq to attack neutral ships plying to and from Iranian ports, while preventing Iran from retaliating against the ships of Iraq's allies. The Soviet Union gave military aid to Iraq on an unprecedented scale. Both put the squeeze on Iran's arms suppliers and everyone turned a blind eye to the use of chemical weapons, presumably considering them a lesser evil than either an Iranian victory or the indefinite continuance of the war.

That is roughly what happened. I doubt if, in fact, it happened that way by agreement, though it is not surprising that the Iranians suspect that. If it did, it seems a pity that the powers were not more open about it and that they did not use the UN mechanisms to enforce as well as to enunciate their proposals.

It is in any case a pity that they started on the enforcement well before the proposals were fully agreed and promulgated as Resolution 598 and that they did not make more effort to draft proposals which Iran might have accepted without being subjected to this degree of duress – proposals, that is, which gave a higher priority to Iran's concern that the aggressor be identified and publicly sanctioned, and which did not require Iran to give up the military advantage it then had before negotiations could even start.

In the end, Iran, facing with the combined weight of both the great power blocs, did "cry uncle," as the Sandinistas, confronting only one superpower, have so far not done. In essence, Iran has had to accept the world's rejection of its right to punish the aggressor by military force. It has agreed to play the game by the rules which the great powers, through the UN, have prescribed, and it is waiting without many illusions to see what justice those rules can bring it.

Iran's leaders are presenting this as a last chance for the international system to prove its worth. Of course, that is in part an attempt to conceal their own responsibility for making the war last so long, and to so little purpose.

But the question they are putting to the UN is one which all the UN's members should be putting to themselves: Does the present international system amount to anything more than a rationalisation of might is right? If the UN goes on pretending not to know who started the war, or that it doesn't matter, and if the only lesson the world is left to draw from Iraq's use of chemical weapons is that Iran was foolish not to retaliate in kind, then the answer must be that it does not.

LETTERS

Innocent of bureaucracy

From Mr Chris Jones.

Sir, It is extraordinary to learn that Australia and New Zealand intend to create a single market by 1990, two years ahead of the European Community.

Even those ignorant colonials must surely know that this cannot be done without first creating a Commission, a Council of Ministers, a Committee of Permanent Representatives, a Common Agricultural Policy, steel production quotas, an Economic and Social Committee, a Parliament, a Social Fund, a Regional Development Fund, information offices around the world, a Strategic Programme for Research and Development in Information Technology, a Biotechnology Programme . . . . .

Chris Jones
20 Wilberforce Road,
Sandgate,
Folkestone, Kent

Encourager les autres

From Mr James Gore Browne.

Sir, Lex takes the view that "The news of the collapse of merger talks between Royal Insurance and Groupe Victoire will scarcely encourage those who vaguely think they ought to be doing something about 1992" (August 12).

That may be right, but I think the publicity given to the talks throws up the fact that business dealings with continental Europe are much more complex than those we are used to. Sensitivities are heightened, prospects are – to put it at its lowest – exciting, and the goal in front of us infinitely more challenging than anything this country has ever faced up to in a business sense.

If Royal Insurance (or indeed anyone else) is put off by its experience, I think it deserves some paternal "tea" but no "sympathy."

James Gore Browne
Office C127
Fruit & Vegetable Market
New Covent Garden Market,
SW8

Higher base rates do not seem to discourage spending

From Mr Richard Ingham.

Sir, After yet another rise in base rates I begin to question whether this old method of trying to restrict expenditure and thereby reduce the trade gap is still effective. Some potential borrowers may be deterred from taking on larger mortgages, but there is unlikely to be any real check on the public spending spree.

The consumer boom is surely fuelled by the credit available in the high street. I do not believe the public is discouraged from purchasing new goods as a result of higher base rates. The only restraining factor appears to be the availability of credit, not the cost of servicing the debt.

Banks, hire purchase companies and the stores themselves are keen to provide more and more credit because of its enormous profitability. An apparent way to stem such credit would be for the Bank of England to insist that banks deposit a percentage of the total sum they have lent out for personal finance in a special low-yielding account.

When the potential profit is reduced it is likely that there would be much less pressure put on people to open credit accounts they cannot really afford. If it avoided base rate rises there should be no adverse effect on other industrial and commercial borrowers.

Richard Ingham,
The White House,
100 Wimbledon Hill Road,
SW19

Car tax could be raised

From Mr Tony Kay.

Sir, There is one fiscal measure the Chancellor can resort to now, quickly and effectively, without nullifying any of the tax changes made in the last budget (indeed, it would actually reinforce the philosophy behind several of the adjustments made in March).

That is to raise car tax from the present 10 per cent to between 20 per cent and 30 per cent, which would bring tax on cars more into line with the rates prevailing in other European countries without an indigenous automotive industry.

Unlike a rise in VAT, it would have a specific impact only. At the same time it would rein in car imports (the fastest growing component in our trade deficit), cut consumer spending dramatically reduce inflation, and actually have a beneficial impact on the environment – all at the price of only the predictable moans from the likes of Nissan and Rover, where further mollycoddling may now presumably be regarded as inappropriate.

Tony Kay
14 St Paul's Crescent, NW1

ESA is for R and D

From Mr H. Aamotsbakken.

Sir, Following the publication in the Financial Times of the article headlined "French to launch Israeli satellite" (August 17), I would like to emphasise the two following points:

First, the European Space Agency (ESA) is essentially a research and development organisation. It was responsible for the development of Ariane 1, 2, 3 and 4 launchers and is now undertaking the development of Ariane 5.

Second, Arianespace is not "part of the European Space Agency." It has been created under ESA initiative in 1980 in order to produce, commercialise and launch operational launchers. It is a French joint stock company *(société anonyme)*, with 50 shareholder partners representing the scientific, financial and political capabilities of 11 European countries.

H. Aamotsbakken
Head of the Public Relations Division
European Space Agency
8-10 rue Mario-Nikis
75738 Paris Cedex 15
France

Mozambican report queried

From Mr Dominic Collins.

Sir, The introduction ("Tenacity in adversity") to your August 15 survey of Mozambique, on Mozambique's post-independence political development, was seriously undermined by reference to the recent US State Department Mozambican refugee report, and the reiteration of statistics contained within it.

Commissioned by the State Department, an institution already obviously hostile to the Mozambique National Resistance (Renamo), the report itself was flawed both conceptually and methodologically. The figure of 100,000 deaths, carried unquestioningly in the survey, was somehow extrapolated by the researcher from interviews with *fewer* than 50 refugees, in centres controlled either by Frelimo or their military allies, using translators the researcher admitted were hostile to Renamo.

That Renamo relies heavily on popular, not coercive, support from the Mozambican masses is clear from its military presence throughout the country – and from independent journalists, television crews and missionaries. Peter Godwin of the Sunday Times has even quoted Zimbabwean soldiers stating: "These Renamo are good. They control the countryside. The local people support them".

Peace in Mozambique can only be achieved by dialogue between Mozambicans, and despite Frelimo's concerted propaganda war to the contrary, Renamo is a legitimate political actor within Mozambique. Its calls for a ceasefire, the withdrawal of foreign military forces, national reconciliation and free elections are prerequisites for a stable Mozambique.

Dominic Collins,
Mozambique Solidarity Campaign,
27 Old Gloucester Street, WC1

FINANCIAL TIMES
Tuesday August 23 1988

No Prague Spring allowed in Moscow

By John Lloyd in Moscow

"THERE IS," said Sergei Grigoryants, "no Prague Spring in Moscow."

In a cramped room in a little flat in one block among many in the featureless northern Moscow suburb of Babuskin, Mr Grigoryants, a veteran dissident of many years in labour camps and a broken nose to show for it, told those reporters who had been able to find him yesterday that the demonstration called in Moscow's Pushkin Square on Sunday to protest, 20 years on, against the Soviet intervention in Czechoslovakia, had ended in the clinical thuggery of a secret police action.

"These events are not coincidental. They mark a sharp change in the politics of this country," he said. "The coming of a new and terrifying time."

What happened, he claimed, was this. The Democratic Union, the little group which gamely plugs away at the notion of changing the Soviet Union to a multi-party democracy, had applied for the right to hold a demonstration marking the 20th anniversary of the intervention. It was refused. The group went ahead anyway. The militia sealed off the group and a few supporters, stopped them from speaking soon after they began, and hustled them into buses.

Mr Grigoryants, who is associated with the group but was not billed to speak, attended the demonstration and witnessed the police action against it. It was brutal, he says, and carried out by a new squad of plainclothes officers, "trained to kill, with the faces of criminals," who arrested some 150 people in Pushkin Square and dragged them off to police stations.

The police had been particularly keen to get at Vera Novordvorskaya, one of the union's leaders: when Andrei Novikov, a blond scarecrow of a man who appeared with Mr Grigoryants, tried to interpose himself, he was savagely beaten, he said.

Mr Grigoryants and others present yesterday said they witnessed beatings by the plainclothes men in police stations to which the protestors were taken. Mr Grigoryants said 150 people were arrested in the square, of whom between 30 and 50 had been beaten.

The Soviet authorities would make no comment last night on the incident – although there is likely to be a reponse to the accusations in the next day or so. Demonstrations in general have been tolerated over the past year, but the themes of multi-party democracy, and of support for the Prague Spring, seem to have breached glasnost's limits.

● The Council of Ministers has called for a series of measures to improve shops and catering establishments.

Takeshita's delicate task in China

Ian Rodger reports on a test for Japan's political role in Asia

WILL JAPAN emerge from its shell and exercise political, as well as economic, leadership in East Asia?

Mr Noboru Takeshita, Japan's Prime Minister, may provide some clues when he meets Chinese leaders in Peking later this week. One of the most interesting items on his agenda will be Kampuchea.

Japanese Foreign Ministry officials regard the Kampuchean problem as a test case of Japan's desire to develop its role in the region. Dealing with the Chinese involvement in Kampuchea may be the most difficult part of that test.

In the Japanese view, China's support for the Khmer Rouge in Kampuchea is probably the main stumbling block to a solution, but, because of Japan's own delicate relations with China, Mr Takeshita will have to approach the issue with great care when in Peking.

Until recently, Japan has kept its relations with its Asian neighbours on an arm's length basis. It has been content to secure low-cost raw materials and intermediate goods and, in return, provide a considerable amount of economic co-operation.

Noboru Takeshita: Two-pronged approach to regional policy

But political involvement has been kept to a minimum, not least because there is deep anti-Japanese sentiment in most of these countries, going back to the Second World War. Also, the Japanese people tend to be even less patient with Asians than they are with other foreigners.

Today, Japan's economic strength is such it has to take on more responsibility in the political arena as well. The Japanese have recognised this, and last spring Mr Takeshita announced a two-pronged policy, committing the Government to increased overseas aid and to participating in peacemaking and peacekeeping efforts in regional conflicts. Already, the Japanese have been intimately involved in the Iran-Iraq and Afghanistan questions.

However, in both cases, Japan has played only a supporting role, providing funds, equipment and a very few civilian personnel. It is much more difficult for Japan to take a leading role in any foreign political problem, because the country, which has forsworn the acquisition of military power, has very few tools with which to influence others.

A senior Foreign Ministry official observed the other day that Japan's combination of immense economic power and no military power had never happened before in history. "We will have to invent a new type of diplomacy," he said.

Kampuchea is, in many ways, an ideal test case. It is a small country of little economic interest to Japan. Also, the Japanese have not been involved in its past. Thus, no one is likely to accuse them of ulterior motives for joining efforts to find a solution to the 10-year conflict there.

However, Kampuchea is part of the East Asian region, and Japan has an interest in stability in its own backyard. Also, the Japanese are uniquely qualified to provide what will be most needed by all concerned, including Vietnam, when a solution is found – money and training.

The Japanese initiative on Kampuchea, if it can be called that, began early this year when Mr Sosuke Uno, the Foreign Minister, said publicly that Japan intended to play a role, and that it supported Prince Norodom Sihanouk as the only plausible leader of a new government in the country. Mr Uno attended a foreign ministers' meeting of the Association of South-East Asian Nations in Bangkok early in July and visited a Kampuchean refugee camp.

Japan also made clear its willingness to participate in the proposed international control commission that would be established to supervise elections and ensure order after the Vietnamese forces withdrew.

The Japanese, like everyone else, were startled when Prince Sihanouk suddenly resigned in mid-July as head of the coalition of Kampuchean political groups in exile (CGDK), but they maintained their commitment to him. Indeed, they intensified it two weeks ago when the Prince began a well-publicised eight-day informal visit to Tokyo at the Government's invitation.

"It must have been a calculated move to make himself more free than he was within the CGDK," a Japanese official said last week of Prince Sihanouk's resignation. "We still believe he is the only one who can lead the country."

The view in the Japanese Foreign Ministry, as Mr Takeshita goes to Peking this week, is that the peace process among the various Kampuchean factions is well underway.

Vietnam, under increasing Soviet pressure, has committed itself to withdrawal of its troops from Kampuchea by the end of next year, although the Japanese would like to see a precise schedule and international supervision. Further meetings of leaders of the main factions are scheduled for the autumn following their informal meeting in Jakarta in July.

The Japanese were particularly heartened by the chairman's summary at the Jakarta meeting making a link between what they see as the two key requirements for a solution: withdrawal of the Vietnamese troops and an assurance that the genocidal policies of the former Pol Pot regime would not be re-established.

Japanese officials saw this as a significant defeat for the Khmer Rouge and, by implication, for their Chinese backers. They note that both the Khmer Rouge and the Chinese have since made statements that could be interpreted as indicating flexibility on the structure of a future government in Kampuchea.

Thus, Mr Takeshita is in a delicate position as he goes to Peking. Should he push the Chinese fairly hard, and risk offending them and upsetting his own country's bilateral relations with China, or should he touch on Kampuchea only lightly, and risk having Japan once again appear ineffectual in the diplomatic arena?

That, of course, is the stuff of diplomacy, as the Japanese are now learning.

Pretoria bans group opposing conscription

By Anthony Robinson in Johannesburg

MR ADRIAAN VLOK, South Africa's Minister of Law and Order, yesterday moved to crush opposition to the Angolan war and white conscription by banning the End Conscription Campaign.

The ban, published in yesterday's official Gazette, was similar to the blanket restriction on the activities of 17 anti-apartheid organisations imposed on February 24.

It forbids the organisation to "carry on or perform any act" and is a direct response to last month's declaration by 143 conscription-age whites that they refused to serve in South Africa's "racist army" and demanded a "peaceful alternative service in non-government bodies."

Meanwhile the Government yesterday withdrew proposed changes to the Group Areas Act that would have called for mandatory eviction of people living in neighbourhoods reserved for another race.

Mr Chris Heunis, Minister of Constitutional Development and Planning, said the bill amending the act would be reintroduced with changes specifying that evictions would not be mandatory.

The amended bill would allow officials to consider the availability of alternative housing and other "humanitarian considerations" before approving evictions, he said.

Parliament reconvened in Cape Town yesterday to debate the changes but leaders of the Indian and coloured chambers announced that their houses would adjourn indefinitely to oppose the new legislation.

Last week Mr Harry Oppenheimer, former head of the Anglo-American Corporation and Mr Anton Rupert, chairman of the Rembrandt Group and doyen of Afrikaner private enterprise, both appealed to the Government to reconsider before going ahead with its planned changes to the act.

The amended law would have provided for the legalisation, for the first time, of racially mixed housing in certain well defined areas. But it also stipulated heavy fines, imprisonment, property confiscation and evictions for people who have, until now, evaded this fundamental apartheid law. These are likely to be retained in the new bill.

The law has proved unworkable in practice because of the artificially induced backlog of black and coloured housing and a growing surplus of white housing in inner city areas.

Last week President P.W. Botha put his personal stamp on the proposed legislation when he told the Natal Congress of the ruling National Party he believed that 80 per cent of whites and 70 per cent of coloureds and Indians were in favour of maintaining their own ethnic housing areas.

The decision to press on with the bill caused disquiet in the business community.

Foreign governments and embassies have warned that the resulting mass evictions could spark off a fresh wave of domestic unrest and give an impulse to anti-apartheid and sanctions lobbies abroad.

Editorial Comment, Page 10

Australia, US to expand Pacific airline services

By Chris Sherwell in Sydney

AUSTRALIA and the US have ended a protracted dispute over air rights with an agreement that expands airline services across the Pacific and provides for automatic increases in future capacity.

The two sides hammered out the deal in Canberra at the weekend after several rounds of talks at official and ministerial level over almost 2½ years.

According to Senator Gareth Evans, outgoing Minister for Transport and Communications, the package is "a major breakthrough, enormously significant to the Australian tourism industry and to airline passengers."

Qantas, Australia's state-owned international carrier, will be able to serve 15 US cities. It currently has rights to Honolulu, Los Angeles, San Francisco and New York and has gained access to three new ones and a further eight through these "primary" gateways.

US airlines – principally United and Continental – have similarly increased their access to Australia. Whereas they flew only to Sydney, Melbourne, Perth and Darwin, they can now add Brisbane, Cairns and one other city still to be chosen, and have access to eight other cities beyond.

One key feature of the agreement is an anti-dumping mechanism under which uneconomic excess capacity on the trans-Pacific routes can be avoided. In addition, a new route between Guam and Australia for both sides was agreed, and Qantas will join other US airlines on routes to the US via the North Pacific.

English raise glasses to all-day opening hours

Continued from Page 1

"Trust the people not to get drunk."

On the whole, this enlightened approach seemed to be working yesterday although a small number of extremists held out in a a few pubs. "I'm here to prove she's wrong", said one tippler in a West London pub, "for political reasons of course."

However, at Ye Olde London pub, 200 yards from St Paul's Cathedral where a mere four customers lingered over their drinks at 3:15pm, manager Bela Benyai said: "We expected it to be really busy today, particularly because we thought people would be celebrating. We will give it a six months trial."

Elsewhere publicans and the police appeared to agree that the country had not been engulfed in an orgy of mass absenteeism and drinking. "We have not had one person who has drunk right through the lunchtime session into the post three o'clock period," said Mr Terry McCormack, licensee of the Three Tuns,in London's busy West End.

Publicans in England and Wales – where the legislation applies – expect it will take some weeks before they can evaluate whether or not it is in their interests to take advantage of the Government's new licensing laws which allow pubs to stay open from 11am to 11pm except on Sundays when they can stay open until 3pm.

But traditions die hard in Britain. A survey of pub owners has shown that half the 67,000 bars in England and Wales intend to stick to the old hours

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Dubrovnik	F	29	84	Malta	S	31	88	Rhodes	S	29	84
Algiers	S	31	88	Edinburgh	S	14	57	Manchester	C	14	57	Rio de J'o	-	-	-
Amsterdam	R	15	59	Faro	S	28	82	Manila	F	34	93	Rome	R	32	90
Athens	F	34	93	Florence	S	26	79	Melbourne	C	11	52	Salzburg	C	15	59
Bahrain	F	37	99	Frankfurt	C	20	68	Mexico City	F	25	77	San Francisco	C	20	68
Bangkok	F	32	90	Funchal	C	23	73	Miami	C	31	87	Seoul	C	28	82
Barcelona	F	24	75	Geneva	C	22	72	Milan	C	17	63	Singapore	R	30	86
Beirut	F	32	90	Gibraltar	S	26	79	Montreal	F	18	64	Stockholm	C	20	68
Belfast	F	15	59	Glasgow	F	15	59	Moscow	F	21	70	Strasbourg	C	18	64
Belgrade	C	28	82	Guernsey	C	16	61	Munich	R	15	59	Sydney	R	17	63
Berlin	F	20	68	Helsinki	S	18	64	Nairobi	R	21	70	Taipei	F	33	91
Biarritz	F	20	68	H. Kong	F	31	88	Naples	C	26	79	Tangier	S	27	81
Bombay	D	30	86	Innsbruck	R	13	55	Nassau	C	33	91	Tel Aviv	F	32	90
Bordeaux	C	19	66	Inverness	S	14	57	New Delhi	F	32	90	Tenerife	F	29	84
Brussels	C	17	63	Islamabad	C	34	93	New York	F	31	88	Tokyo	F	33	91
Budapest	R	19	66	Istanbul	F	29	84	Nice	T	22	72	Toronto	F	23	73
B. Aires	F	22	71	Jakarta	F	33	91	Nicosia	F	40	102	Tunis	F	32	90
Cairo	F	37	99	Jersey	F	18	64	Oporto	S	23	73	Valencia	S	28	82
Cape Town	S	18	64	Jo'burg	F	22	72	Oslo	R	19	66	Venice	C	24	75
Caracas	C	28	82	Lima	C	17	63	Paris	C	19	66	Vienna	C	19	66
Casablanca	S	25	77	Lisbon	F	25	77	Peking	F	30	86	Warsaw	R	21	70
Chicago	F	26	79	London	C	19	66	Prague	F	18	65	Washington	-	-	-
Cologne	C	17	63	Los Angeles	C	24	75	Reykjavik	C	09	48	Zurich	C	15	59
Copenhagen	F	19	66	Luxembourg	C	15	59								
Corfu	S	30	86	Madrid	S	23	73								
Dallas	F	27	81	Majorca	C	27	81								
Dublin	C	17	63	Malaga	S	29	84								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Dollar rises despite banks' intervention

Continued from Page 1

can presidential candidate, is elected in November.

European officials dismiss such interpretations. They note that the US electorate has lived with a volatile dollar and a deteriorating trade position for years. In electoral terms, the dollar depreciating by 10 pfennigs does not compare to the recent rise in US interest rates, they said.

The strength of the dollar has, however, fuelled speculation that interest rates in Europe will rise again. The Bundesbank will have two occasions this week to reconsider its interest policy: today when it announces the terms of its latest securities repurchase ("repo") agreement with its local banks; and on Thursday, when the board of the central bank meets.

Opinion is divided as to whether the central bank will seek to raise the repo rate from the current level of 4¼ per cent to 4½ per cent. Like the Fed Funds rate in the US, the repo rate has now assumed the role as the barometer of the Bundesbank's monetary policy intentions.

Analysts say that any move by the West German authorities to increase interest rates from their current levels would put pressure on France to match the rise.

It may also increase the pressure on British monetary authorities to also increase bank base rates. UK money markets were yesterday discounting another ½ percentage point rise in base rates after sterling weakened.

In London the pound closed at $1.6765 compared with $1.7020 on Friday, and at DM3.2175 compared with DM3.22. On the Bank of England's trade-weighted sterling index the pound closed 0.5 points lower at 76.2.

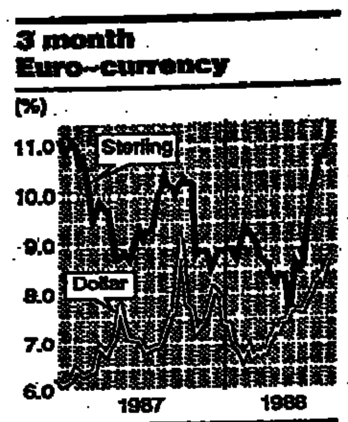
THE LEX COLUMN

Any excuse to buy dollars

The currency traders who are not on holiday at the moment may be unable to provide a convincing explanation for why they are buying dollars, but neither are they willing to drop their bullish line when threatened by a large consignment of central banks. This lack of reason combined with great strength of purpose makes the dollar's latest rise particularly difficult to sympathise with. However, it also makes the next move slightly easier to predict, in the short-term at least. As the market is prepared to take bad US economic news as a signal to buy dollars on the expectation of higher interest rates, and regards good news on its own grounds, today's inflation and durable goods figures can hardly fail to please somebody.

The excuse for yesterday's rise in the dollar was that a fall in the West German money supply makes a rise in interest rates look less likely. Although there may be little cause for higher rates on domestic grounds, and even though the D-Mark is now sitting towards the top of its EMS band, the country is nevertheless so uncomfortable with the dollar higher than DM 1.90 that the chances still strongly favour higher rates. While an extra 0.5 per cent on German rates is not likely to make much difference in the long term, to leave them unchanged would only constitute yet another argument in favour of the dollar.

3 month Euro-currency



Eurotunnel

It is difficult to know what to make of Eurotunnel's admission that work on the tunnel is more than three months behind schedule, after just eight months of drilling. Given that the timing of the project can make the difference between investors making a handsome return or losing all their money, one might wonder why the shares have only fallen 13 per cent since the bad news started to leak out. So far almost everything that can go wrong seems to have done so. There have been problems with the machinery, ground conditions have preved patchy and, worst of all, the management of the project in both the UK and France seems to be seriously wanting. Probably all of this is teething trouble, and the slow start will easily be accommodated by the reserve built into the original plans. However, there are no signs that things are starting to go right, and neither is it clear what the delay has cost shareholders. Were the banks to extrapolate from the lack of progress so far, they would already be entitled to refuse to lend on the expectation that the tunnel would be more than 14 months late. The risk of that happening is tiny, but shareholders will doubtless sleep easier when the banks have coughed up their share in October.

Bond Corporation

If there was ever any doubt that the quality of profits is far more important than the sheer quantity, then Bond Corporation's 1987-88 results should set the record straight. Its after-tax profits have jumped more than threefold to A$402.6m and its dividend had been raised by 40 per cent, yet the shares are trading at less than three times earnings and yielding a hefty premium to the market. While the figures are way ahead of the most optimistic forecasts, there are plenty of special items, such as foreign exchange gains and property sales, which make it impossible to gauge the underlying health of a business whose revenues have more than doubled to A$5bn in the space of a year. Even the 80 per cent rise in the net interest bill, to A$371m, is not much guide to the future since the group's borrowings have been swolled even further since by the acquisition of Bell Group.

However, Bond Corporation breaks its characteristic silence on many of these matters when it comes to the delicate question of its tax bill, or rather lack of one. It might look as if it paid less than A$4m of tax last year, but add up all of the alcohol duty it has paid, and it emerges as one of Australia's top 10 taxpayers. Bond's latest results are even more of a public relations exercise than usual.

ADT

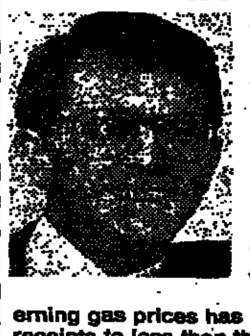
On the face of it, it is difficult to see why a company which has delivered 25 per cent compound annual growth in earnings per share over the past five years should trade at a discount to both its sector and the market.

But if that fact is tough to fathom, ADT's interim results are none the less opaque. With no divisional breakdown, and no indication of the level of organic growth in profits, the market is left to take a lot on trust; and Henlys is still around to remind investors of Mr Michael Ashcroft's fondness for the impenetrable manoeuvre. Indeed, interpreting ADT's results is such a time-consuming affair that one is tempted to wonder whether the company's prospective rating of 9 times earnings does not include a deduction for the opportunity cost of the time spent trying to figure Michael Ashcroft out.

Still, the 18 per cent growth in half-year earnings per share, and the 2½ percentage point increase in operating margins, seem to be real enough; and the prospect that Henlys will repay all its debt to ADT by year end must be positive. However, the shares have already outperformed the All-Share by 16 per cent since the crash, and there may not be much more to come.

INSIDE

Statoil prepares to batten down hatches



Statoil is prepared for poor financial results over the next two to three years because its portfolio of income-producing activities is not robust enough to counteract low oil and gas prices, says Mr Harald Norvik (left), chairman of the troubled state-owned Norwegian oil company. Oil prices remain volatile and the formula governing gas prices has reduced Government receipts to less than the cost of transportation to Europe. Page 25

Uganda's loan revolution

Under a revolutionary scheme, Uganda's Commercial Bank is offering loans to small farmers without demanding security. The scheme, the first of its kind in Africa, aims to boost agricultural production by lending modest sums to the peasant farmers who form the backbone of the economy. Page 38

Curtains up at Lonrho

Lonrho, the international trading company led by Mr Tiny Rowland, has become one of the leading players in the £430m ($735m) British curtain market with the £3.8m acquisition of Wooltons. Lonrho already has extensive interests in bed linen and the purchase provides entry into one of the fastest growing areas of home furnishings. UK curtain sales have been soaring, thanks partly to the fashion influence of American soap operas. Page 27

Chromium-plated rations

World demand for ferro-chrome is soaring, and so are prices as demand outstrips supply. South African producers have begun rationing supplies to some customers, particularly steelmakers in the US, although European and Japanese manufacturers have also been hit. If present trends continue, rationing could also affect the ferro-manganese market. Page 38

Daimler-Benz crawls ahead

Daimler-Benz, the West German motor group, forecasts only a slight increase in car sales this year due to a mixed performance abroad and a drop in domestic sales in the first seven months. The introduction of the revamped Mercedes 190 compact model next month is expected to lift domestic sales by 1 per cent while international sales could climb by 2 per cent. Page 25

MIM Holdings shows its mettle

MIM Holdings, the Brisbane-based multinational resources group, shrugged off an 11 per cent increase in sales and revenue in the year to July and more than quadrupled net profits. Copper and lead prices contributed significantly in helping profits surge to A$172.9m (US$140m), reflecting the end of a prolonged slump in metal prices. Page 28

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (Dm)

Rises			
Daimler-B.	858.5	+	3.5
Holzmann (P)	479	+	4
Falls			
Bayer Hypo.	325.5	−	6
Commerzbank	222	−	3
Deutsche Bab.	178	−	7
Preussag	173	−	3

PARIS (Ffr)

Rises			
L'Oreal	3320	+	55
Telemech El.	4350	+	61
Falls			
Alcatel	2100	−	30
Essilor	2435	−	30
Pernod	1110	−	19
Perrier	924	−	14

NEW YORK ($) at 12.30

Rises			
Cherokee	12⅞	+	1⅛
CP Natl.	34¾	+	1⅜
Essex Chem.	31¾	+	½
Varo	25⅛	+	2½
Wickes	12¾	+	3⅝
Falls			
IMO Delaval	18⅝	−	1⅛

TOKYO (Yen)

Rises			
Sumitomo	865	+	46
Canon Elect	1540	+	90
Mitsui Mining	615	+	29
Falls			
Casio Comp	1510	−	140
Toyoda	1110	−	70
Komatsu	920	−	39

LONDON (Pence)

Rises			
AGB Research	185	+	7
Gears Gross	58	+	7
Gnome Photo.	485	+	50
Sime Darby	85	+	4
Turnbull Scott	177	+	7
Western Motor	612	+	9
Whitbread "B"	650	+	80
Falls			
Sha Armor	95	−	4
Euro Tunnel	313	−	12
Ferranti	94½	−	2½
Gt. Portland	351	−	9
Ibstock Johnsen	188	−	7
J.S. Path.	335	−	28
Jaguar	272	−	4
Land Secs.	555	−	15
Randsman (W)	313	−	18
Smith New.	180	−	3

BCI plans to buy New York bank hit by Fed ruling

By **John Wyles** in Rome and **Roderick Oram** in New York

BANCA Commerciale Italiana (BCI), the Italian bank, and Iri, its parent company, were yesterday urgently studying the implications of an unexpected and potentially threatening intervention by the US Federal Reserve Board in BCI's attempt to acquire control of Irving Trust of New York.

Officials at Iri cut short their holidays and returned to Rome to deal with an 8-page letter dispatched by the Fed last weekend revealing that the US regulators considered Iri a bank holding company under US law. Therefore, the Fed required Iri to supply financial information on its commercial and industrial operations.

Iri currently owns just under 60 per cent of BCI.

Iri's initial response yesterday was to issue a statement undertaking to supply "all of the information requested by the Fed."

Over the next few days, however, Iri management will be deciding on how to react to the implications of the Fed's ruling, which appears to suggest that state-owned Iri's many non-banking operations conflict with US law prohibiting joint ownership of banks and industrial companies.

Although it has been reported from New York that the Fed may give Iri a three-year exemption from any requirement to dispose of industrial holdings, the notion that Italy's largest state holding group might have to be reshaped to satisfy US law is one which would be politically unacceptable in Italy and could doom BCI's attempt to acquire Irving Trust.

Seen from Rome, the Fed's intervention looks to some officials suspiciously like a protectionist move in favour of the Bank of New York, which has been trying to overturn BCI's $840m agreed purchase of 51 per cent of Irving Trust for $84 a share.

Bank of New York's $1.4bn cash and shares bid has already won Fed approval, but is now held up pending New York appeal court decisions.

BCI said last night that the Fed's letter was being closely studied and that it was too early to say whether or not the Italian bank could press ahead with its agreement with Irving Trust.

Wall Street reacted cautiously to the news of the Fed's request, with analysts and arbitrageurs reluctant to forecast how badly it would hurt BCI's bid. Irving's shares slipped by 50 cents to $66⅛ and Bank of New York's dipped $⅜ to $35 in early trading.

With Bank of New York's original bid for Irving reaching its first anniversary next month, markets have grown used to the seemingly endless legal issues which have thwarted both sides.

Wall Street is assuming it will take at least four to six weeks for Iri to comply with the Fed's demand that it register as a bank holding company and then another six weeks for the Fed to decide on the application.

Even if Bank of New York clears its legal hurdles before Iri and BCI do, investors will still be faced with "the decent bid on the table from BCI," one analyst said. The tide would not turn in Bank of New York's favour until it was clear that Iri and BCI could not "spin out the battle any longer" while it resolved its regulatory problems.

Bond Corp profits treble to A$403m

By **Chris Sherwell** in Sydney

BOND Corporation, the Perth-based master company of Mr Alan Bond's multinational business empire, yesterday reported its profits for the year ended June 1988 had more than trebled on the back of doubled revenues.

The results for the brewing, media and property group far exceeded analysts' expectations, a reflection of the group's sheer complexity as well as its performance.

Bond Corporation's after-tax profits were A$402.6m (US$327m), more than treble the A$128.2m recorded in the 12 months to June 1987. Sales and other revenues doubled to A$5.0bn from A$2.49bn. On an equity-accounted basis, net profits were A$405.3m compared with A$109.4m. After taking into account minority interests and extraordinary items, equity-accounted profit was A$338.4m, up from A$148.5m.

The figures were helped considerably by the low level of corporate tax paid: only A$4m on a conventional accounting basis, which was itself one-third of the previous year's low level. On an equity-accounted basis it was A$18m, a rise of less than A$4m.

The biggest contribution to profit, as expected, came from Bond's vast brewing, liquor and pubs division, which continues to underpin the group. It earned A$287.2m before interest, a rise of 42 per cent.

This reflected an improved performance in Australia, but also an eight-month contribution from G. Heileman Brewing, the fourth largest US brewer which Bond purchased last year for A$1.83bn.

Media operations showed a healthy jump to A$30.2m from A$7.3m, but two other divisions reported profits had more than trebled. The international division, with interests chiefly in Hong Kong and Chile, lifted earnings to A$116m from A$39m, while the corporate division, which includes equity trading and A$77m of after-tax foreign exchange gains, increased earnings to A$175m from A$50m.

The sharpest gains – A$141,710, against A$21,209 before interest – came from the property division which last sold the Sydney Hilton Hotel and Capital Centre buildings at a substantial profit, and other developments in central Perth.

● Adelaide Steamship, the diversified Australian group, has raised its stake in Bell Resources to 14.53 per cent from 12.64 per cent. Adsteam officials have declined comment on the steady buying of shares in Bell Resources.

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Wickes chairman to lead $478m buyout

By **Martin Stanbridge** in New York

WICKES Companies, the leading US automotive products, wall coverings and fabrics manufacturer which also operates furniture and home improvement stores, has agreed to be taken private in a leveraged buyout led by Mr Sanford Sigoloff, its chairman, for $12 a share or $478.2m.

Under the surprise merger agreement with WII Holdings, a group formed by Mr Sigoloff, other Wickes managers and Drexel Burnham Lambert, the Wall Street securities firm, will begin a tender offer for as many as 39.9m shares – the 83 per cent of Wickes stock outstanding – no later than Friday.

Since emerging from Chapter 11 protection in January 1985, Mr Sigoloff, nicknamed Ming the Merciless, has steered Wickes through a spree of takeovers and divestments. These have left it one of the world's largest and most technically advanced suppliers of parts to the automobile industry, the world's biggest manufacturer of wall coverings, as well as a leading US do-it-yourself and furnishings retailer.

As part of the planned deal, WII will take over Wickes' outstanding debt which at April 30 amounted to about $2bn

The offer is conditional on the tender of at least 50 per cent of the outstanding shares and on obtaining the necessary financing for the deal. Drexel Burnham said it was confident of being able to raise the cash.

The Wickes directors have appointed a special committee of independent directors advised by Bear Stearns, the securities firm, to consider the proposal.

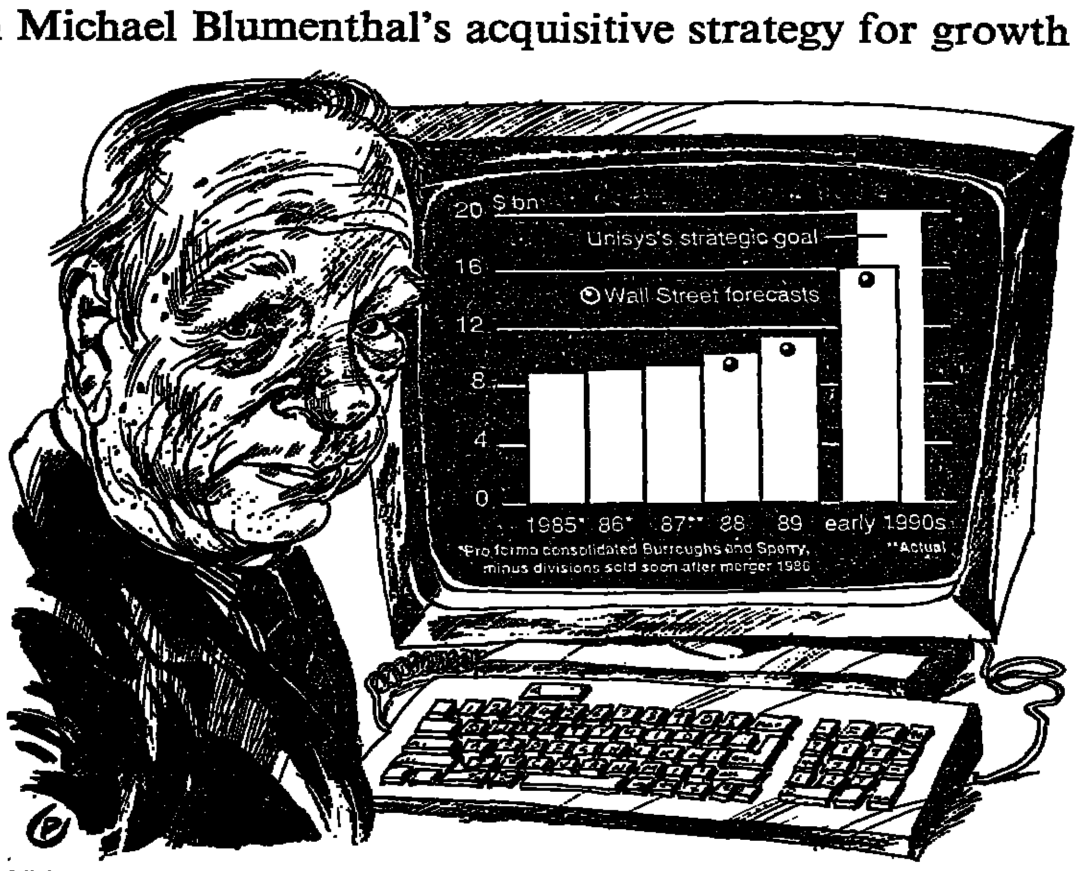
Wickes, which is based in Santa Monica, California, has announced second-quarter net losses of $12.43m or 28 cents, including profits from continuing operations of $10.39m.

This compares with earnings of $18.89m or 37 cents a share in the year-ago quarter, struck after income from discontinued activities of $11.21m, a gain on disposals of $19.22m and extraordinary losses of $21.46m to cover costs and liabilities. Sales advanced to $937.23m from $854.99m.

First-half net losses amounted to $15.02m or 36 cents a share, compared with earnings of $136.93m or $2.85 in the same period last year.

Unisys flouts a takeover taboo

Roderick Oram on Michael Blumenthal's acquisitive strategy for growth



Michael Blumenthal: aiming to double Unisys revenues to $20bn

MR Michael Blumenthal, taking another step towards his goal of turning Unisys into a nimble giant among US computer makers, showed up in the offices of Convergent Inc late last week to begin the delicate task of drawing the small Silicon Valley company into his fold.

"It was a chance to neighbour with him; for 15 or 20 key executives to get to know him in real life," said Mr Paul Ely, chairman of the workstation maker which Unisys agreed in principle earlier this month to acquire for $330m.

The day of detailed planning sessions and round-table discussions – the latter video-taped for all employees to see – were vintage Blumenthal. Few senior executives in the computer industry can better communicate a sense of mission to their staff or customers.

Wall Street reckons a number of other companies, perhaps some big ones, will also get the Blumenthal treatment as he continues down the takeover trail. Only through acquisitions, analysts believe, will he stand a chance of achieving the ambitious targets he has set for Unisys, particularly a doubling of revenues to $20bn by the early 1990s.

Takeovers were long considered taboo in the computer industry after the likes of Honeywell and Sperry failed miserably in the 1970s to absorb the data processing equipment businesses of General Electric of the US and RCA. Thus, scepticism was rife two years ago when Mr Blumenthal, then chairman of Burroughs, won control of Sperry, an arch rival, in a $4.8bn takeover.

Since then, he has defied the old lores and successfully moulded the two companies together to create Unisys, the third largest US computer maker after IBM and Digital Equipment.

"Making the acquisition is by no means the most difficult task," Mr Blumenthal, Unisys's chairman, says. "The most difficult thing is the implementation."

Too many of the industry's earlier mergers foundered, for example, on intense rivalries between companies, incompatibility of their technologies or confusion of purpose in the new entity. These traps can be avoided by "working extremely hard with a few key rules."

First, Mr Blumenthal describes as objectively as possible to a target company the role it will play and the problems that may arise. "I don't try to prettify the role."

He then moves swiftly to integrate the acquired company before fear, rumours and doubt have a chance to breed.

Thirdly, he "errs on the side of over-communication," repeating his message to the new executives and employees "five, six, seven times." For six weeks after Burroughs bought Sperry he traipsed around the globe assuring far-flung employees of both companies that the new entity was to be a true partnership.

"To talk of the human equation almost sounds trite," he admits. "The insight is not novel but few companies are actually taking the effort to do it."

Colleagues say his management style reflects the breadth of his experience.

As a child, Mr Blumenthal fled with his family from Nazi Germany, first to China and then in the 1940s to the US. He was drawn initially to academia, ending up as an economics professor at Princeton.

Next he served in the Kennedy Administration, most notably as a tough head of the US delegation to the Kennedy round of Gatt negotiations.

In the 1970s he was chief executive of Bendix, the aerospace and automotive group, before returning to Washington to serve as President Jimmy Carter's Treasury Secretary.

He began his computer career in 1980, accepting the daunting task of pulling Burroughs back from the brink of collapse.

Bluntly spoken, cigar chomping and an ace negotiator, his competitors say he is motivated to make a lasting mark on the computer industry. One of his most potent weapons is a corporate strategy for Unisys which is one of the most carefully honed and clearly articulated of any leading computer maker.

Unisys believes that computer users' ability to benefit from ever faster improvements in hardware is constrained by related problems – the difficulties of developing software applications programmes and of linking together in a network machines from different manufacturers.

It is responding by concentrating heavily on developing powerful software tools and the capability to set up networks. Unlike, say, IBM and to a much lesser extent Digital which are still considered hardware driven, Unisys cultivates the image of a company capable of offering total solutions – through hardware and software – to information processing problems.

A key is its deep commitment to Unix, the computer operating system developed by American Telephone & Telegraph which allows differing machines to work together. Unisys is among the leaders in the drive to make Unix an industry standard for open systems, which will break the stranglehold of manufacturers' proprietary systems.

Convergent Inc is vital to Unisys because its skills in design, manufacture and sales of Unix workstations help fill gaps in Unisys's capabilities.

It will help push Unisys's sales of Unix equipment to about $800m this year, from $500m last year (out of total sales of $9.71bn) and only $200m in 1986.

Unisys believes sales of equipment for computer networking will grow at 40 per cent a year for the next five years, compared with only 13 per cent for the whole computer market and a meagre 8 per cent for mainframe machines.

Analysts say Unisys's emphasis on networking is wise because its existing ranges of mainframe computers are some of the least exciting around. Moreover, it needs some areas of fast growth as it has already gained most of the financial benefits from the Sperry merger.

It reported a net loss of $43.4m in 1986 after a charge of $280m for merger expenses. Net profits rebounded to $578m last year thanks almost entirely to the end of charges and some $350m of cost savings from the streamlined operation.

Assuming Unisys can squeeze out another $150m or so in costs this year, it could report net earnings of about $750m, analysts estimate. Organic growth should begin to kick-in after that to push net profits to between $850m and $875m next year.

In addition to boosting Unisys's profits, more acquisitions are also needed to fill out the group's capabilities.

The company is keeping very coy about where it will strike next. Wall Street rumours range widely from a big hardware manufacturer such as NCR or even Control Data, through networking experts such as Network Systems to applications specialists such as Computer Sciences and Automatic Data Processing.

BAT extends deadline for Farmers bid

By **Nick Bunker** in London

BAT INDUSTRIES, the tobacco-based multinational, yesterday extended until tomorrow night the deadline for its $72 per share increased offer for Farmers Group, the US insurer, as the two companies entered the fifth day of negotiations over the eight-month-old bid.

The news came in a joint statement from the companies, which said that discussions were "progressing satisfactorily." The new deadline for the $72 proposal – which values Farmers at about $5.05bn – will be 4pm in California tomorrow.

The terse five-paragraph statement was the first joint communique issued since the Farmers' board decided last week to authorise its management to start talking to BAT.

The statement indicated that they would continue for the time being with the near-total news blackout surrounding the negotiations in Los Angeles.

Mr Jon Coles, a BAT spokesman in London, said: "We are under strict instructions not to say anything until the talks have concluded."

However, in a move apparently intended to dampen some speculation about the talks, the statement said no assurances could be given that an agreement would be reached permitting BAT to take over Farmers.

It emerged yesterday that Mr Patrick Sheehy, BAT's chairman, is being assisted in the negotiations in California by Mr Brian Garraway, deputy chairman.

Mr Garraway is the BAT director with principal responsibility for overseeing the multinational's strategic push into the insurance and financial services field.

BAT first proposed on August 10 to raise its cash bid to $72 per share, but it made the increased offer conditional on Farmers entering into a definitive merger agreement by 4pm last Friday.

First Boston likely to go private

THE EXPECTED restructuring of *First Boston* is likely to include the buyout of its publicly-held shares, according to analysts, Reuter reports from New York.

First Boston said in May that it was talking with Crédit Suisse about forming a global investment banking company from the activities of First Boston and Financière Crédit Suisse First Boston.

Since then, the company's stock has been buoyed by growing speculation that the reorganisation will include the purchase of First Boston's stock.

Mr Peter Buchanan, First Boston president and chief executive officer, said: "You can just quote the statement we made in May." Crédit Suisse was not available for comment.

An analyst said: "The consensus is that it's going to be major and it's going to take the public out of First Boston." It is thought that First Boston to make an announcement on a restructuring in about a month.

Crédit Suisse and First Boston own 60 per cent and 40 per cent respectively of Crédit Suisse First Boston. Crédit Suisse First Boston in turn owns 40 per cent of First Boston, with the rest of First Boston owned by employees and the public.

Sources at First Boston disclaim knowledge of the talks and said senior management had been been extremely tight-lipped about its plans. The company's reticence has not kept Wall Street from speculating on what a realignment may entail.

Mr Charles Vincent, analyst at Provident National Bank, said: "It looks like First Boston, like many other firms, is going through a period of strategic planning."

It is estimated that taking First Boston private would cost the company more than $800m, assuming a buyout price of $45 to $50 a share. But a simple leveraged buyout is unlikely because of the cost.

First Boston has performed well following defections by investment banking co-heads Mr Bruce Wasserstein and Mr Joseph Perella, but it faces strong competition.

SCEcorp boosts offer for San Diego Gas to $2.3bn

By Roderick Oram in New York

SCEcorp, parent of Southern California Edison, has increased the pressure on San Diego Gas and Electric, a neighbouring utility, by improving to about $2.28bn the value of its share swap takeover offer.

Merger of the two companies, which SCEcorp first proposed a month ago, would create the largest electric utility in the country with 78 gigawatts of generating capacity, 4.7m customers and $6.7bn of annual revenues.

Los Angeles-based SCEcorp reiterated its main condition, however, that San Diego Gas and Electric drop its own bid for Tucson Electric Power, a stock swap worth about $1.9bn.

SCEcorp's improved offer is the exchange of 1.2 of its shares, compared with 1.15 originally, for each common share in San Diego Gas and Electric, plus a one-for-one swap of its preferred shares. SCEcorp's shares gained $⅛ to $31¾ and San Diego's rose $⅛ to $34¾ in early trading.

The target company, whose board was due to meet later yesterday to consider the offer, declined to comment on the latest SCEcorp move.

SCEcorp estimates a merger would generate some $350m in cost savings over the next 10 years, which could encourage California utility regulators to approve the deal.

The bids by SCEcorp and San Diego for neighbouring utilities is part of a merger wave in the US electric industry which has triggered by the Public Utilities Regulatory Power Act in 1978.

It undercut utilities' monopolies by requiring them to buy reasonably priced electricity from independent generators. As a result, smaller utilities have come under increasing competitive pressure.

● Shamrock Holdings is no longer seeking a preliminary injunction hearing in Delaware chancery court against Polaroid's recent stock issue and has asked instead for an expedited trial on the matter, according to Shamrock lawyers, Reuter reports from New York.

The lawyers would not comment on the reasons for the move, which was disclosed in a letter to Delaware court late last week.

Cambior reopens gold mine in NW Quebec

By Robert Gibbens in Montreal

CAMBIOR, the gold-mining group 30 per cent held by the Québec Government, has reopened the old Eldrich Flavel mine in the Rouyn-Noranda area of north-western Québec, and plans to produce 40,000 ounces in 1989.

The reopened mine will make a modest contribution to Cambior's projected production of well over 200,000 oz next year, but Mr Louis Gigniac, Cambior's president, said the group's costs of C$340 (US$277) per oz should be reduced by increasing reserves at the lower levels.

The mine has been renamed Pierre Beauchemin mine after a Québec developer.

The company also expects to bring two more small gold mines into production in the same area, and another in the famous Val d'Or area in the near future. Cambior's main source of income is a half share in the Doyon gold mine in Rouyn-Noranda.

The other half is owned by Lac Minerals. Cambior's share of production last year was about 125,000 oz.

Doyon accounts for one quarter of all Québec's gold production, and the mill is being expanded.

Cambior was formed two years ago from the privatisation of the operating side of the Québec Government's Soquem mining and exploration group.

It has raised funds since in Europe and has absorbed the old Sullivan mines. It has just sold an interest in an Ontario gold mine for C$52m. Cambior also has three gold properties in the US.

In 1987, earnings were C$21.8m, or 95 cents a share, on revenues of C$93m. First-half results this year indicate an improvement for all 1988.

● Inter-City Gas, a western utility and energy firm controlled 40 per cent by Central Capital, a fast-growing Toronto-based national financial services group, with assets of C$12.5bn at the end of 1987, is the mystery buyer of a 9.4 per cent equity interest in Ranger Oil.

Inter-City has paid more than C$50m for just over 7m Ranger shares, saying the deal is for investment purposes.

Ranger has production and exploration interests in the North Sea, South-east Asia and Australasia.

Inter-City's oil and gas assets are located in Western Canada and the US. Revenues this year are expected to be about C$56m.

Aircraft sales help SAS post 37% profit rise

By Sara Webb in Stockholm

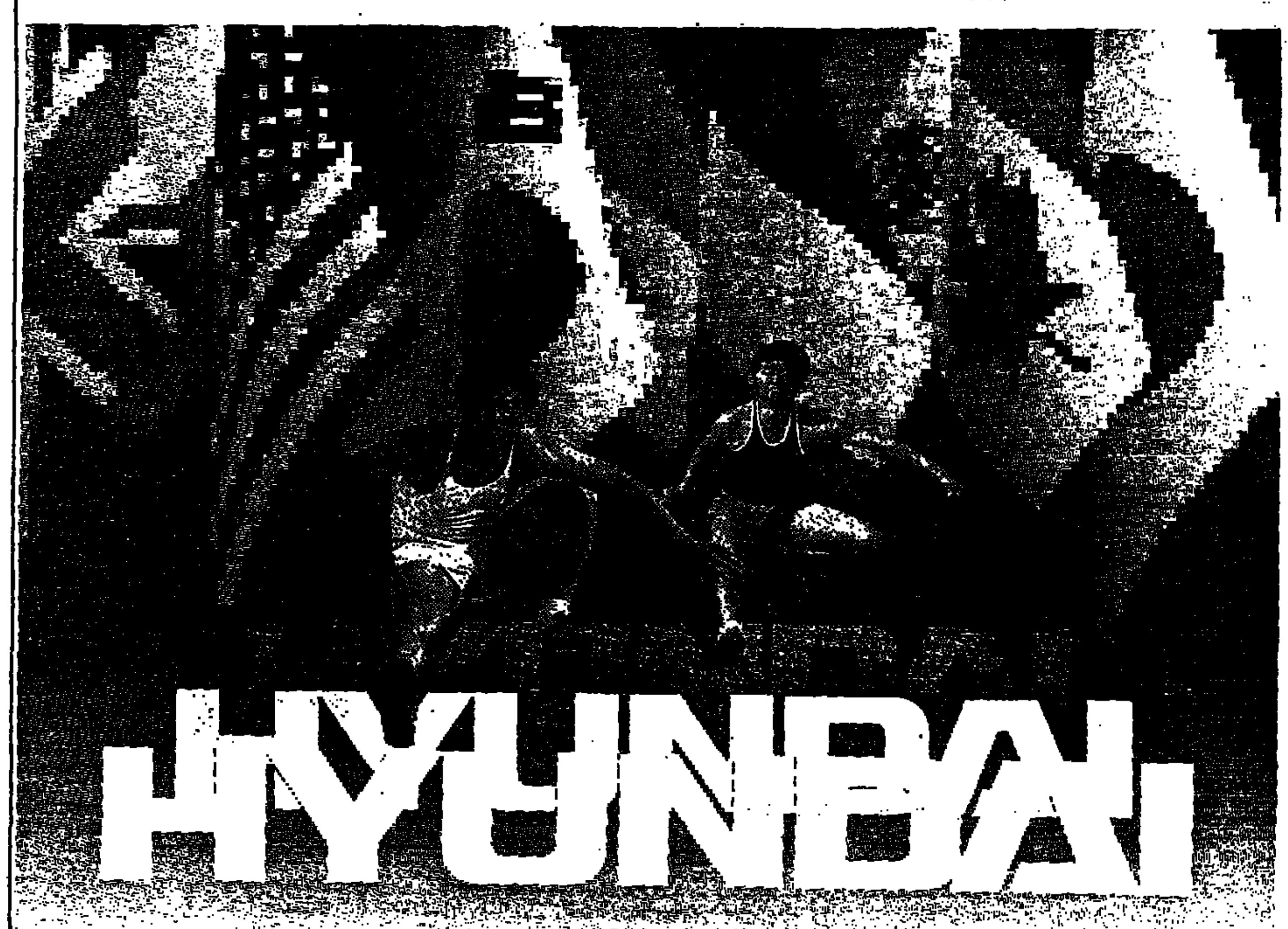
SCANDINAVIAN Airlines System (SAS) yesterday reported a 37 per cent rise in profit for the first six months of 1988 with much of the increase stemming from the sale of aircraft.

Profit before extraordinary items rose to SKr1.05bn ($162m), with fixed asset sales contributing SKr476m. In the first six months of 1987, similar sales contributed SKr242m to a profit of SKr767m.

Group revenue increased by 12.8 per cent to SKr13bn. SAS said the underlying airline business had performed well and that all business areas with the exception of Vingresor, its package holiday operation, had shown profit increases during the first six months.

Profit before extraordinary items for the airline increased to SKr975m from SKr701m a year ago, helped by increases in domestic and European traffic as well as by a cost-cutting programme.

Full-year figures this year are expected to be "slightly better" than last year. SAS recently agreed to buy into Aerolineas Argentinas of Argentina.



INTERNATIONAL COMPANIES AND FINANCE

Statoil expects gloomy future

By Karen Fossli in Oslo

THE PORTFOLIO of income-producing activities of Statoil, Norway's troubled state oil company, is not robust enough to counteract low oil and gas prices, according to Mr Harald Norvik, Statoil's chief executive.

Mr Norvik said in an interview he was prepared for the company to experience poor financial results in the next two to three years.

Statoil plunged into the red last year when it was forced to make write-offs of NKr3bn ($435m) because of cost overruns at the Mongstad refinery and terminal expansion project. Last week, the company reported pre-tax earnings almost halved to NKr2.8bn because of lower oil prices and a lower dollar exchange rate.

The company's performance is strongly dependent on revenue from the Statfjord oil and gas field and on transportation earnings for gas sent through the Statpipe line.

However, gas sales have become loss-making for the Norwegian Government. The formula governing gas prices has reduced government receipts to less than the cost of transportation to Europe, where the gas is distributed to a consortium of Continental buyers.

The Mongstad project also continues to be a millstone around the company's neck and there is speculation by industry experts that the critical interfacing phase of the project – connecting the old part of the refinery with the new – could bring about a whole new series of challenges.

Indeed, Statoil also recently alluded to the potential for additional problems once the refinery is shut down from early September for the interfacing work.

Mongstad's annual refining capacity is being upgraded from 4m tonnes to 6.5m tonnes. Petrol production will also be increased fivefold to 2.5m tonnes from 500,000 tonnes. Statoil aims to have first products from the upgraded refinery available from January 1989.

Harald Norvik: need to achieve more than a few shillings

Statoil's problems have also stimulated political debate about its role. Indeed, Mr Norvik points to the "political trend towards introducing private shareholders" into the company as one way to reduce the increased risks to which the Government is exposed.

"Some people have advocated that some of its (the Government's) equity holding should be sold," Mr Norvik said. Statoil currently handles the Government's total ownership share in oil and gas projects, although the resulting monetary flow is shared between them.

He warns, however, that "the three business units – exploration and production, refining and marketing and petrochemicals – must be owned and run as an integrated company."

Mr Arne Oeien, Norway's oil and energy minister, said in June the Government intended to sell off shares it owns in oil and gas fields as another way to minimise its risk.

Mr Norvik believes the consequences of such sales should be thoroughly assessed, and raised the question of "whether selling to the highest bidder is the right course of action. We need to consider how to exploit the Government's offshore interests to achieve something more than just a few more shillings in the Government's coffers," he said.

Saga Petroleum falls steeply in interim

By Our Oslo Correspondent

SAGA PETROLEUM, the Norwegian oil independent, suffered a steep fall in first half-year pre-tax profits to NKr62m ($9m) from NKr253m in the same period last year despite a 26 per cent increase in oil, gas and condensate production.

Saga attributed the decrease to lower oil prices and a reduction in net financial income in the period.

Although the company expects year-end profits to hit NKr150m, it said there still remained a significant degree of uncertainty over future oil price developments and that year-end profits would depend primarily on the dollar exchange rate and the oil price.

Saga's operating costs climbed to NKr654m in the latest period from NKr563m a year earlier. Operating profits slipped to NKr45m from NKr62m last year. Conversely, operating revenue increased to NKr699m from NKr625m last year.

An analysis of the company by Union Bank of Norway said variations in the oil price and the dollar exchange rate are its greatest risk factors.

On August 1, Saga launched a five-year $95m Eurobond at 10⅛ per cent priced at 100⅝. Saga has until September 1 to decide if it will launch a separate convertible Eurobond of between $100m and $150m.

The company is gearing up for development of its NKr31bn Snorre oil and gas field, by which its future prospects are heavily influenced.

Daimler forecasts small rise in car sales

By Andrew Fisher in Frankfurt

DAIMLER-BENZ, the West German motor group with interests in electronics, engines, and aerospace, expects only a slight increase in its domestic and world car sales this year after a drop at home and a mixed performance abroad in the first seven months.

Daimler said sales in the German market should show a 1 per cent rise for the whole of 1988 aided by the introduction of its revamped Mercedes 190 compact model next month.

In the January-July period, domestic sales were 2.6 per cent lower at just over 168,000 units. The group has already said it is cutting output by 4 per cent, or 25,000 vehicles, this year from 598,000 in order to reduce high stock levels.

Worldwide, Daimler said its aim was for a near 2 per cent gain.

Despite price increases caused by the dollar's falls in the past two years and the effect of October's stock market crash, its US sales were stronger than expected. They were down by 3 per cent to 52,500 cars, which Daimler said was the best performance among imports from Europe.

Sales in western Europe, outside Germany, were 10 per cent higher at 80,000 cars, while business in Japan during the January-July period showed a 16 per cent advance at 7,300 units.

The group made no mention of its forward order situation for cars, widely thought in the industry to be down this year. Daimler has not commented on estimates that new orders were 13 per cent lower in the first five months, with the order backlog 30 per cent lower. But it has denied that short-time working would be introduced.

Daimler's attempts to prevent sales in the US from falling too sharply are, however, proving costly, according to Mr Stephen Reitman, European motor industry analyst with stockbrokers Phillips and Drew in London.

He said sales in Germany of the 190 had fallen by 15 per cent in the first half, partly as customers waited for the new model and partly because of competition from the BMW 3-series which has benefited from the success of its new larger 7-series and 5-series cars.

The company will not produce a successor to its ageing S-class series to compete with BMW's 7-series at the top of its range until 1990.

In the first half of 1988, domestic sales of the S-class were down by nearly 6 per cent compared with a rise of 13 per cent for the 7-series, said Mr Reitman.

Rapid growth at United Paper Mills

By Olli Virtanen in Helsinki

UNITED Paper Mills, the Finnish forest products group whose interests include the Shotton newsprint plant in North Wales, has reported rapid growth in both turnover and profit for the first six months of 1988.

Group turnover for the period rose 14 per cent to FM2.89bn ($650m) while profit before appropriations and taxes jumped 52 per cent to FM367m.

The improvement, says Mr Niilo Hakkarainen, managing director, reflects the high capacity utilisation at the paper mills, higher paper prices and a smooth start-up of a new mill at Kaipola, Finland, which performed better than forecast.

UPM produced a total of 640,139 tonnes of paper and paper board during the first six months, an increase of 13 per cent on output.

UPM also revealed that it had bought a majority stake in Stracel, a French pulp-making company.

The group plans to build a thermomechanical pulp plant and a newsprint plant with an annual capacity of 200,000 tonnes

DnC plans rights issue

By Our Oslo Correspondent

DEN NORSKE Creditbank (DnC) said yesterday it planned to launch a one-for-five rights issue.

Norway's troubled commercial bank suffered losses on loans and securities of NKr1.5bn ($190m) in 1987.

The issue would increase the bank's share capital by NKr380m to NKr2.28bn to meet new requirements for a higher capital ratio.

Norway's minority Labour Government earlier this year passed a law on financing which requires that the banks' share capital must be at least 6.5 per cent of assets.

DnC's announcement comes hard on the heels of an announcement last week by Bergen Bank, one of Norway's top three banks, of an NKr302.7m increase in capital to NKr1.75bn to meet the higher capital ratio requirements.

Rabobank advances

Rabobank Nederland, the big Dutch co-operative bank, lifted first-half net profits by 15 per cent to Fl 374m ($176.4m) from Fl 325m a year earlier as the balance sheet total rose to Fl 155.2bn from Fl 144.3bn, writes Our Financial Staff.

The bank said it expected downward pressure on interest margins would lead to a slowdown in profit growth in the second half of 1988.

Sandvik rise helped by strong demand

By Sara Webb in Stockholm

SANDVIK, the Swedish cemented carbide and special steels group, increased profits (after financial items) by 37 per cent to SKr1.25bn ($193m) in the first six months, helped by strong demand for industrial equipment.

The group said that with the present favourable business climate and high levels of investment in industrial equipment, it expects full-year profits to reach SKr2.5bn, a 32 per cent increase on last year's figure of SKr1.89bn.

Sales in 1988 should show a 20 per cent increase on last year's figure of SKr13.24bn, Sandvik said.

The group's order intake increased by 32 per cent to SKr8.81bn in the first six months and sales rose by 25 per cent to SKr7.89bn. The increases were due to higher demand as well as to recent acquisitions in the US and in Europe.

Sales to the US market jumped by 65 per cent to SKr1.44bn, while sales to Europe rose 20 per cent to SKr4.78bn.

Sandvik's steel operations showed an 88 per cent rise in profits to SKr281m, the strongest profit increase of all the divisions, the group said. The increase was partly due to better steel prices. Steel division sales rose by 29 per cent to SKr2.57bn.

Cemented carbide sales totalled SKr4.26bn, up 26 per cent on the previous year, while profits rose by 16 per cent to SKr765m.

Manfor pulp mill for sale

By Robert Gibbens in Montreal

THE MANITOBA Government is negotiating to sell the Manfor pulp and kraft paper and lumber operations at The Pas, 450 miles north-west of Winnipeg.

Repap Enterprises, a large Montreal-based pulp and coated paper producer, is among several companies involved in preliminary negotiations, but Mr George Petty, Repap's chairman, said: "No definite proposal is on the table as far as we are concerned."

Manfor is the old Churchill Forest Industries (Manitoba), a Swiss-backed pulp and paper project that went sour in the 1960s and was followed by lengthy court actions.

Ownership reverted to the province in 1973 to prevent closure and save jobs in a remote area. Since then, Manitoba has invested about C$250m (US$204m) in the mill.

The Manitoba Government said it was also negotiating with Weyerhaeuser Canada. It would not confirm reports that Repap would pay C$130m for Manfor, to be retrieved through provincial grants.

Industry sources say the mill could double its capacity to 280,000 tonnes of paper, add a bleaching plant and then produce multilayer packaging paper for the US market.

Strong metal prices boost MIM

By Chris Sherwell in Sydney

STRENGTHENED copper and lead prices contributed significantly to the powerful surge in profits reported yesterday by MIM Holdings, the Brisbane-based multinational resources group.

Figures for the year to July 3 showed that net profits, after taking into account foreign exchange gains and extraordinary items, had more than quadrupled to A$172.9m (US$140m) from A$39.6m. On an equity accounted basis, profits were six times higher at A$287.9m.

This was despite a mere 11 per cent increase in sales and other revenue to A$1.61bn – reflecting the appreciation of the Australian dollar against the US dollar – and a slight increase in costs.

The results reflect the end of a "six- to seven-year drought of low metal prices," MIM said yesterday. "But this is still not a satisfactory return on investment."

MIM's profit from its mining, smelting and refining operations, before tax and exchange gains, nevertheless showed a significant improvement to A$182m from the previous year's A$75m. After tax, the figure was A$97.8m, up from A$23m.

The group said copper and lead smelters at its principal Mount Isa mine produced at record rates during the year, while production and sales of zinc concentrate were second only to the previous year's record. Silver production was up 15 per cent, and gold made an earnings contribution with the opening of MIM's first Australian mine, in Queensland.

Output of coal, however, was hurt by miners' industrial action and a cyclone. "This was the first full year in which the coal division sustained an operating loss – A$66m – before income tax and foreign exchange provisions," the group said.

The figures showed foreign exchange gains amounted to A$38.5m, up from A$6.6m, but these were mainly non-cash and unrealised accounting provisions. Largely because of exchange rate variations, the group's total net indebtedness was reduced by A$178m to an estimated A$1.5bn.

Separately, the group reported extraordinary gains of A$38.6m, which compared with a A$8.8m loss the previous year. This reflected an adjustment made for the way a cut in Australian corporate tax from 49 per cent to 39 per cent affected the group's deferred income tax at the beginning of the 1987-88 year.

Shareholders' funds increased by A$413m to around A$1.6bn-1.7bn. These will be increased further as a result of the A$403m being raised through a one-for-four rights issue announced last month.

MIM announced a 3 cents unfranked final dividend, making a total of 5 cents and entailing a payout of A$49m compared with A$32m in 1986-87. The share price finished 3 cents lower at A$2.18 on profit-taking.

The 1987-88 figures are for a 52-week period, unlike last year's, which covered a longer, 54-week period.

Venezuela returns with $100m floater

By Our Euromarkets Staff

VENEZUELA launched its second Eurobond this year, tapping the market via Samuel Montagu with a $100m five-year floating-rate note paying interest at 1⅞ points over six-month London interbank offered rates.

While the bonds at the moment carry a lower rate than the fixed-rate 11⅞ per cent financing arranged in February, the reduction in borrowing costs to Venezuela is more modest than the rates suggest. Today's financing had fees of 2¾ per cent while the earlier issue, led by J.P. Morgan Securities, had fees of 1⅞ per cent.

According to Mr Oliver Parr, a director at Montagu, the higher fees reflect the fact that Venezuela wanted to keep the coupon at 1⅞ per cent.

Unlike most other Latin American countries, Venezuela has rescheduled its commercial bank debts only once since 1982 and has been regarded as the most likely candidate to return to voluntary lending.

Mr Parr said that despite the country's recent economic woes, the bonds have been sold not only inside Venezuela but also to one or two international banks.

One of the buyers was the issue's co-manager, Deutsch-Sudamerikanische Bank, a Hamburg-based subsidiary of Dresdner Bank. Deutsch-Sudamerikanische manages funds for so-called high net worth individuals in Latin America who are expected to buy the bonds.

Shortly after the mandate was awarded, Venezuela announced that in an effort to protect dwindling foreign exchange reserves, it would delay interest payments due on some domestic bonds and said that for the first time in about five years it would ask commercial bank creditors for fresh funds.

Japanese borrowers again flood warrant issue sector

By Our Euromarkets Staff

A FRESH wave of equity warrant bonds for Japanese borrowers hit the international bond market yesterday, depressing prices slightly and calling into question a recent agreement to price securities to reflect the creditworthiness and profile of individual issuers.

Five four-year deals were launched with coupons ranging from 4¾ to 5¼ per cent, bringing the total of new paper over the past two trading days to $1.2bn. Another $200m issue is scheduled for tomorrow.

While virtually all the day's issues closed well inside their fees – meaning that co-managers are able to make a profit on the securities, traders said that lead managers were convincingly buying their own securities when asked to do so. This practice, part of a widely-accepted practice known as stabilising new issues, may obscure the true level of investor demand and may not offer guidance on the key question of whether coupons are high enough.

Shiseido Company, the Japanese cosmetics group, launched a $200m bond with a coupon of 4¾ per cent, via Daiwa Europe. Despite wide name recognition and liquidity, the issue closed just inside its fees at 97¼.

Yamaichi International brought two other four-year deals, of $100m each and carrying coupons of 4¾ pct. The borrowers were Tokyo Tatemono, a real estate development company, and Iwetani International, a producer of liquified petroleum gas. Neither name is as widely known as Shiseido but both closed at better prices, at 98¼ at 98 respectively.

Two other deals of $50m each were launched. Tokyo Keiki Company, a maker of equipment for aircraft and

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cars, and Kawashima Textile Manufacturers both four-year bonds with 5⅝ per cent coupons via Nikko Securities and Nomura Securities respectively.

The two issues closed just outside their fees at 97, a small loss for co-managers.

Certainly, some dealers argue, the proverbial proof of the pudding is in the tasting, and investors, tasting the issues with 4¾ per cent coupons, have decided they had been appropriately priced. But if some less well-known borrowers can achieve rates as low as 4¾ per cent, others are sure to follow. And if that happens, the market will be thrown back into disarray, they say.

The dollar survived yet another onslaught of coordinated intervention from central banks, including the US Federal Reserve. This pushed prices of domestic West German government bonds to close as much as 35 basis points lower in the long end. Mark Eurobond activity was muted, with bonds losing a more modest 15 basis points on average.

The average yield on outstanding domestic bonds closed at 6.60 per cent, the highest level for German domestic bonds this year.

There were considerable expectations that the Bundesbank's key repurchase agreement rate may be raised today. There was further speculation that official interest rates could be raised after the Bundesbank Council meeting on Thursday.

In Canadian dollars, the State Bank of South Australia brought a C$100m, three-year issue with a coupon of 10¾ per cent and a price of 101¼, yielding a spread over the Canada 9 per cent benchmark of 43 basis points. Chase Investment Bank is lead manager.

Meanwhile, dollar Eurobonds closed virtually unchanged although issues longer than seven years shed about ¼ point in very lacklustre trading.

Dealers said that particularly tight spreads for Japanese borrowers in the secondary market relative to US governments has encouraged several borrowers to discuss mandates. Two large Japanese banks are expected to issue straight dollar debt later this week.

In French francs, Commerzbank Overseas Finance Curacao issued a FFr 500m four-year bond with a 9 per cent coupon and priced at 101⅝. It ended inside its fees at a discount of 1⅝.

Amro offshoot buys Chemical Bank Asian unit

By Our Hong Kong Correspondent

PIERSON, Heldring and Pierson, the Dutch merchant banker, is to expand its private banking activities in the Far East with the acquisition of Chemical Bank's Asian private banking operations.

Under an agreement announced yesterday some 30 of Chemical Bank's staff in Hong Kong and Singapore will be transferred to Pierson, in a deal estimated to be worth around US$8m.

Pierson is a wholly-owned subsidiary of Amro Bank of the Netherlands and is involved in portfolio management, securities and capital markets, and corporate finance.

It already manages portfolios for private clients and institutional investors from three principal offices in Amsterdam, Hong Kong and Philadelphia.

Chemical Bank, sixth largest in the US, announced earlier this year its desire to rationalise its international private banking operations, and intends to concentrate upon the Latin American market.

Swire aircraft unit 37% ahead

By Michael Marray in Hong Kong

HONGKONG Aircraft Engineering Company (Haeco), the aircraft maintenance subsidiary of Swire Pacific, yesterday reported a 37 per cent increase in attributable profits to HK$116.3m (US$15m) for the six months ended June 30.

Turnover rose to HK$583.1m from a previous HK$489.2m, and pre-tax profits climbed to HK$136.7m from HK$100.2m. The dividend is going up from 25.9 cents a share to 33.3 cents.

Mr Peter Sutch, Haeco's chairman, said the company's aircraft maintenance facilities had been heavily utilised during the first half by both scheduled and non-scheduled customers, though the engine overhaul division was still working at below capacity.

Haeco benefited from additions to the fleet of Cathay Pacific Airways, also part of the Swire group, which required substantial pre-service work on two additional TriStars it had acquired.

Substantial refurbishment work was carried out on 11 other Cathay Pacific aircraft.

During the first half, refurbishment work was also undertaken for British Airways, one of Haeco's biggest customers, including cabin refurbishments on four TriStars and the fitting out of one new Boeing 747.

During the second half, Haeco is scheduled to carry out overhauls on three DC-10 aircraft for British Airways, and the company's airframe maintenance facilities are forecast to operate at full capacity for the rest of the year.

Equiticorp wins approval for major reorganisation

By Our Financial Staff

EQUITICORP International is to press ahead with its wide-ranging reorganisation following regulatory approval from the UK, Hong Kong, Australian and New Zealand authorities.

The company, formed to draw together the various interests of Mr Alan Hawkins, the New Zealand financier, effectively moves the group's corporate registration from New Zealand to the UK.

The reorganisation was first announced in May. Mr Hawkins said then the changes were being made for tax reasons and to give Equiticorp access to wider capital markets.

Under the plan the company, which controls Guiness Peat Group, the London-based financial services organisation, will operate from Hong Kong with a regional base in Sydney but will be registered in the UK.

Approval had been received to list Equiticorp International on the New Zealand share market, but no date has been set. A listing is currently being sought in Australia.

After the restructuring Equiticorp International will have assets of A$3.9bn (US$3.17bn). Interests associated with Mr Hawkins will own 39 per cent of the company.

Singapore bank group shows profits growth

By Our Financial Staff

OVERSEAS Union Bank, the Singapore banking group, reports a near 13 per cent increase in group profits to S$31m (US$15m), after tax and diminution in value of assets, in the six months to June 1988 compared with a year earlier.

At the bank alone, after-tax earnings climbed 21 per cent to S$22.1m. Group depreciation rose to S$6.2m from S$4.5m, while for the bank depreciation edged up to S$5.5m from S$4m.

OUB, which is the smallest of Singapore's big four banking groups, is to pay an interim dividend of 4 per cent, down 1 per cent from a year earlier.

Publishers placing

Publishers Equipment of the US announced a private placement of 880,000 common shares with Koenig & Bauer of West Germany valued at $4.4m.

Bond for Von Roll

VON ROLL, the Swiss industrial group, is to raise SFr60m through the Zurich capital market. The 4¾ per cent, eight-year bond is priced at 100½.

Reliance Petrochemicals launches issue

By R.C. Murthy in Bombay

RELIANCE Petrochemicals, an offshoot of Reliance Industries, has launched a Rs6bn convertible debenture issue, the largest yet issued in India.

Half the Rs6bn issue is offered to shareholders of the parent company on a preferential basis and the remainder to the public. The debenture can be converted into equity in three phases, starting this year and running until 1993.

Reliance Industries is one of India's fastest growing companies. A Rs2.4bn convertible bond issued by the company in 1986 was more than three times subscribed.

Proceeds of the convertible debenture will help finance Rs7bn worth of capital spending by Reliance Petrochemicals. It will be the first Indian project of its size not to depend on government-backed loans.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday 22 August, 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	59.2007	30.8469	44.1601
Albania	(Lek)	10.02	5.9767	3.1142	4.4582
Algeria	(Dinar)	10.78	6.4300	3.3504	4.7964
Andorra	(Fr Fr)	10.9050	6.5046	3.3892	4.8520
	(Sp Peseta)	210.60	125.6188	65.4545	93.7041
Angola	(Kwanza)	51.5170	30.7288	16.0114	22.9219
Antigua	(E Carr $)	4.55	2.7139	1.4141	2.0244
Argentina	(Austral)	20.0988	11.9885	6.2467	8.9427
Aruba	(Florin)	3.02	1.8013	0.9386	1.3437
Australia	(Aus $)	2.0655	1.2320	0.6419	0.9190
Austria	(Schilling)	22.615	13.4894	7.0287	10.0622
Azores	(Port Escudo)	260.00	155.0849	80.8080	115.6840
Bahamas	(Bahama $)	1.6765	1	0.5210	0.7459
Bahrain	(Dinar)	0.6366	0.3797	0.1978	0.2832
Balearic Is	(Sp Peseta)	210.60	125.6188	65.4545	93.7041
Bangladesh	(Taka)	52.50	31.3152	16.3170	23.3592
Barbados	(Barb $)	3.3931	2.0239	1.0545	1.5097
Belgium	(Belg Fr)	67.40c	40.2028	20.9479	29.9888
		68.15g	40.6501	21.1810	30.3225
Belize	(B $)	3.3740	2.0125	1.0486	1.5012
Benin	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Bermuda	(Bermudian $)	1.6765	1	0.5210	0.7459
Bhutan	(Ngultrum)	24.00	14.3155	7.4592	10.6785
Bolivia	(Boliviano)	4.25	2.5350	1.3209	1.8909
Botswana	(Pula)	3.3500	1.9982	1.0411	1.4905
Brazil	(Cruzado)	459.970	274.3632	142.9588	204.6585
British Virgin Is	(US $)	1.6765	1	0.5210	0.7459
Brunei	(Brunei $)	3.4283	2.0449	1.0655	1.5253
Bulgaria	(Lev)	1.4461	0.8625	0.4494	0.6434
Burkina Faso	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Burma	(Kyat)	11.2754	6.7255	3.5043	5.0168
Burundi	(Burundi Fr)	264.64	157.8526	82.2501	117.7486
Cameroon	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Canada	(Canadian $)	2.0600	1.2287	0.6402	0.9165
Canary Is	(Sp Peseta)	210.60	125.6188	65.4545	93.7041
Cp. Verde Is	(CV Escudo)	127.3516	75.9627	39.5809	56.6636
Cayman Is	(CI $)	1.4002	0.8351	0.4351	0.6230
Cent.Afr. Rep	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Chad	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Chile	(Chilean Peso)	413.31	246.5314	128.4568	183.8976
China	(Renminbi Yuan)	6.2939	3.7541	1.9561	2.8004
Colombia	(Col Peso)	517.80	308.8577	160.9324	230.3893
Comoro Is	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Congo (Brazz)	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Costa Rica	(Colon)	129.22	77.0772	40.1616	57.4949
Cuba	(Cuban Peso)	1.2848	0.7663	0.3993	0.5716
Cyprus	(Cyprus £)	0.8225	0.4906	0.2556	0.3659
Czechoslovakia	(Koruna)	9.30c	5.5472	2.8904	4.1379
		16.19t	9.6570	5.0318	7.2035
		15.58t	9.2931	4.8422	6.9321
Denmark	(Danish Kroner)	12.3025	7.3382	3.8236	5.4738
Djibouti Rep	(Djib Fr)	293.13	174.8464	91.1048	130.4249
Dominica	(E Carrib $)	4.55	2.7139	1.4141	2.0244
Dominican Rep	(D Peso)	8.43	5.0283	2.6200	3.7508
Ecuador	(Sucre)	419.97o	250.5040	130.5268	186.8609
		863.05a	514.7927	268.2362	384.0044
Egypt	(Egyptian £)	3.9690	2.3674	1.2335	1.7659
El Salvador	(Colon)	8.4203	5.0225	2.6170	3.7465
Equat'l Guinea	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Ethiopia	(Ethiopian Birr)	3.4508	2.0583	1.0725	1.5353
Falkland Is	(Falk £)	1.00	0.5964	0.3108	0.4449
Faroe Is	(Danish Kroner)	12.3025	7.3382	3.8236	5.4738
Fiji Is	(Fiji $)	2.4196	1.4432	0.7520	1.0765
Finland	(Markka)	7.5860	4.5249	2.3577	3.3753
France	(Fr)	10.9050	6.5046	3.3892	4.8520
Fr. Cty/Africa	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Fr. Guiana	(Local Fr)	10.9050	6.5046	3.3892	4.8520
Fr. Pacific Is	(CFP Fr)	194.00	115.7172	60.2952	86.3181
Gabon	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Gambia	(Dalasi)	11.98	7.1458	3.7233	5.3303
Germany East	(Ostmark)	3.2175	1.9191	1	1.4315
Germany West	(DMark)	3.2175	1.9191	1	1.4315
Ghana	(Cedi)	382.17	227.9570	118.7785	170.0422
Gibraltar	(Gib £)	1.00	0.5964	0.3108	0.4449
Greece	(Drachma)	258.93	154.4467	80.4755	115.2080
Greenland	(Danish Krone)	12.3025	7.3382	3.8236	5.4738
Grenada	(E Carr $)	4.55	2.7139	1.4141	2.0244
Guadaloupe	(Local Fr)	10.9050	6.5046	3.3892	4.8520
Guam	(US $)	1.6765	1	0.5210	0.7459
Guatemala	(Quetzal)	1.7125	1.0214	0.5322	0.7619
		4.4345a	2.6450	1.3782	1.9730
Guinea	(Fr)	506.10	301.8789	157.2960	225.1835
Guinea-Bissau	(Peso)	1096.55	654.0709	340.8080	487.8976
Guyana	(Guyanese $)	15.1850	9.0575	4.7195	6.7563
Haiti	(Goude)	8.4950	5.0313	2.6216	3.7530
Honduras	(Lempira)	3.3655	2.0074	1.0459	1.4974
Hong Kong	(HK $)	13.1140	7.8222	4.0758	5.8349
Hungary	(Forint)	92.6184	55.2450	28.7858	41.2095
Iceland	(Icelandic Krona)	79.44	47.3844	24.6899	35.3459
India	(Indian Rupee)	24.00	14.3155	7.4592	10.6785
Indonesia	(Rupiah)	2883.910	1720.1968	896.3201	1283.1635
Iran	(Rial)	120.50	71.8759	37.4514	53.6151
Iraq	(Iraqi Dinar)	0.5260	0.3137	0.1634	0.2340
Irish Rep	(Punt)	1.1990	0.7151	0.3726	0.5334
Israel	(Shekel)	2.7760	1.6558	0.8627	1.2351
Italy	(Lira)	2381.00	1420.2206	740.0155	1059.3993
Ivory Coast	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Jamaica	(Jamaican $)	9.1025	5.4294	2.8290	4.0500
Japan	(Yen)	224.75	134.0590	69.8523	100
Jordan	(Jordanian Dinar)	0.6349	0.3787	0.1973	0.2824
Kampuchea	(Riel)	167.65	100	52.1056	74.5939
Kenya	(Kenya Shilling)	30.70	18.3119	9.5415	13.6596
Kiribati	(Australian $)	2.0655	1.2320	0.6419	0.9190
Korea North	(Won)	1.6364	0.9760	0.5085	0.7280
Korea South	(Won)	1227.00	731.8818	381.3519	545.9399
Kuwait	(Kuwaiti Dinar)	0.4756	0.2836	0.1478	0.2116
Laos	(New Kip)	590.450	352.1920	183.5120	262.7141
Lebanon	(Lebanese £)	609.01	363.2627	189.2804	270.9721
Lesotho	(Maluti)	4.1605	2.4816	1.2930	1.8511
Liberia	(Liberian $)	1.6765	1	0.5210	0.7459
Libya	(Libyan Dinar)	0.4983	0.2972	0.1548	0.2217
Liechenstein	(Swiss Fr)	2.7025	1.6119	0.8399	1.2024
Luxembourg	(Lux Fr)	67.40	40.2028	20.9479	29.9888
Macao	(Pataca)	13.5613	8.0890	4.2148	6.0339
Madeira	(Port Escudo)	260.00	155.0849	80.8080	115.6840
Malagasy Rep	(MG Fr)	2142.25	1277.8109	665.8119	953.1701
Malawi	(Kwacha)	4.5400	2.7080	1.4110	2.0200
Malaysia	(Ringgit)	4.4720	2.6674	1.3898	1.9897
Maldive Is	(Rufiya)	17.0387	10.1632	5.2956	7.5811
Mali Rep	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Malta	(Maltese £)	0.5875	0.3504	0.1825	0.2614
Martinique	(Local Fr)	10.9050	6.5046	3.3892	4.8520
Mauritania	(Ouguiya)	125.30	74.7390	38.9432	55.7508
Mauritius	(Maur Rupee)	23.80	14.1962	7.3970	10.5895
Mexico	(Mexican Peso)	3848.00a	2295.2579	1195.9595	1712.1245
		3809.36d	2272.2099	1183.9502	1694.9321
Miquelon	(Local Fr)	10.9050	6.5046	3.3892	4.8520
Monaco	(French Fr)	10.9050	6.5046	3.3892	4.8520
Mongolia	(Tugrik)	5.6607	3.3764	1.7593	2.5186
Montserrat	(E Carr $)	4.55	2.7139	1.4141	2.0244
Morocco	(Dirham)	14.2700	8.5117	4.4351	6.3492
Mozambique	(Metical)	988.24	589.4661	307.1452	439.7063
Namibia	(S A Rand)	4.1605	2.4816	1.2930	1.8511
Nauru Is	(Australian $)	2.0655	1.2320	0.6419	0.9190
Nepal	(Nepalese Rupee)	37.62	22.4396	11.6923	16.7385
Netherlands	(Guilder)	3.6325	2.1667	1.1289	1.6162
N'nd Antilles	(A/Guilder)	3.02	1.8013	0.9386	1.3437
New Zealand	(NZ $)	2.6245	1.5654	0.8156	1.1677
Nicaragua	(Cordoba)	134.72	80.3578	41.8710	59.9421
Niger Rep	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Nigeria	(Naira)	7.7167	4.6028	2.3983	3.4334
Norway	(Nor. Krone)	11.7225	6.9922	3.6433	5.2157
Oman	(Rial Omani)	0.6497	0.3875	0.2019	0.2890
Pakistan	(Pak. Rupee)	30.30	18.0733	9.4172	13.4816
Panama	(Balboa)	1.6765	1	0.5210	0.7459
Papua New Guinea	(Kina)	1.4507	0.8653	0.4508	0.6454
Paraguay	(Guarani)	538.88o	321.4315	167.4840	239.7686
		1553.50a	926.6328	482.8282	691.2124
Peru	(Inti)	55.5700o	33.1464	17.2711	24.7252
		351.96a	209.9373	109.3892	156.6006
Philippines	(Peso)	34.20	20.3996	10.6293	15.2169
Pitcairn Is	(£ Sterling)	1.00	0.5964	0.3108	0.4449
	(NZ $)	2.6245	1.5654	0.8156	1.1677
Poland	(Zloty)	766.59	457.2561	238.2564	341.0856
Portugal	(Escudo)	260.00	155.0849	80.8080	115.6840
Puerto Rico	(US $)	1.6765	1	0.5210	0.7459
Qatar	(Riyal)	6.1456	3.6657	1.9100	2.7344
Reunion Is. de la	(F/Fr)	10.9050	6.5046	3.3892	4.8520
Romania	(Leu)	14.781	8.8159	4.5936	6.5761
Rwanda	(Fr)	133.4533	79.6023	41.4773	59.3785
St Christopher	(E Carr $)	4.55	2.7139	1.4141	2.0244
St Helena	(£)	1.00	0.5964	0.3108	0.4449
St Lucia	(E Carr $)	4.55	2.7139	1.4141	2.0244
St Pierre	(French Fr)	10.9050	6.5046	3.3892	4.8520
St Vincent	(E Carr $)	4.55	2.7139	1.4141	2.0244
San Marino	(Italian Lira)	2381.00	1420.2206	740.0155	1059.3993
Sao Tome	(Dobra)	130.59	77.8944	40.5874	58.1045
Saudi Arabia	(Riyal)	6.3148	3.7666	1.9626	2.8096
Senegal	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Seychelles	(Rupee)	9.40	5.6069	2.9215	4.1824
Sierra Leone	(Leone)	59.80	35.6695	18.5858	26.6073
Singapore	($)	3.4283	2.0449	1.0655	1.5253
Solomon Is	($)	3.5959	2.1448	1.1176	1.5999
Somali Rep	(Shilling)	303.66	181.1273	94.3776	135.1101
South Africa	(Rand)	4.1605c	2.4816	1.2930	1.8511
		5.8973g	3.5176	1.8328	2.6239
Spain	(Peseta)	210.60	125.6188	65.4545	93.7041
Spanish Ports in N Africa	(Sp Peseta)	210.60	125.6188	65.4545	93.7041
Sri Lanka	(Rupee)	54.60	32.5678	16.9696	24.2936
Sudan Rep	(£)	7.5915	4.5281	2.3594	3.3777
Surinam	(Guilder)	3.0113	1.7961	0.9359	1.3398
Swaziland	(Lilangeni)	4.1605	2.4816	1.2930	1.8511
Sweden	(Krona)	10.9850	6.5523	3.4141	4.8876
Switzerland	(Fr)	2.7025	1.6119	0.8399	1.2024
Syria	(£)	35.4270	21.1315	11.0107	15.7628
Taiwan	($)	48.4750	28.9144	15.0660	21.5684
Tanzania	(Shilling)	177.00	105.5770	55.0116	78.7541
Thailand	(Baht)	42.60	25.4100	13.2400	18.9543
Togo Rep	(CFA Fr)	545.25	325.2311	169.4638	242.6028
Tonga Is	(Pa Anga)	2.0655	1.2320	0.6419	0.9190
Trinidad/Tobago	($)	7.1698	4.2766	2.2283	3.1901
Tunisia	(Dinar)	1.5525	0.9260	0.4825	0.6907
Turkey	(Lira)	2586.20	1542.6185	803.7917	1150.7007
Turks & Caicos	(US $)	1.6765	1	0.5210	0.7459
Tuvalu	(Australian $)	2.0655	1.2320	0.6419	0.9190
Uganda	(New Shilling)	252.40	150.5517	78.4459	112.3025
U A E	(Dirham)	6.1850	3.6892	1.9222	2.7519
United Kingdom	(£)	1.00	0.5964	0.3108	0.4449
United States	(US $)	1.6765	1	0.5210	0.7459
Uruguay	(Peso)	635.73	379.2007	197.5850	282.8609
USSR	(Rouble)	1.0761	0.6418	0.3344	0.4787
Vanuatu	(Vatu)	171.00	101.9982	53.1468	76.0845
Vatican	(Lira)	2381.00	1420.2206	740.0155	1059.3993
Venezuela	(Bolivar)	24.4615e	14.5908	7.6026	10.8838
		12.6525p	7.5469	3.9324	5.6295
		61.88f	36.9102	19.2323	27.5328
Vietnam	(Dong)	620.82	370.3071	192.9510	276.2269
Virgin Is-British	(US $)	1.6765	1	0.5210	0.7459
Virgin Is-US	(US $)	1.6765	1	0.5210	0.7459
Western Samoa	(Tala)	3.52	2.0996	1.0940	1.5661
Yemen	(Rial)	17.56	10.4742	5.4576	7.8131
Yemen PDR	(Dinar)	0.5786	0.3451	0.1798	0.2574
Yugoslavia	(Dinar)	4700.20	2803.5788	1460.8236	2091.3014
Zaire Rep	(Zaire)	342.1600	204.0918	106.3434	152.2402
Zambia	(Kwacha)	13.00	7.7542	4.0404	5.7842
Zimbabwe	($)	3.1500	1.8789	0.9790	1.4015

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday 22 August, 1988. Trinidad devalued by 15.29%

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on August 22

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93⅛	93½	−0⅛	−0⅛	9.84
All Nippon Air 9⅛ 97	100	†92¾	92⅞	0	0	10.69
Amer. Brands 8⅞ 92	150	†95⅛	95⅝	0	0	10.36
A/S Eksportfinans 7⅞ 93	100	†90⅛	90⅝	0	0	10.03
A/S Eksportfinans 7¼ 92	150	†92⅛	92⅝	0	0	9.96
Barc. Bk. Fin. 10¼ 89	200	†99⅛	99⅝	0	0	10.69
B.F.C.E. 7 92	150	92⅝	93	+0⅛	0	9.48
British Telecom 7⅝ 96	250	—	—	—	—	—
Cal.Natl.Telecom 8½ 93	160	†95⅝	96⅛	0	0	9.65
Canada 9 96	1000	†97⅜	97⅞	+0¼	+0¼	9.44
Canadian Pac 10¾ 93	100	†102	103	0	−0¼	10.05
C.C.C.E 7¼ 91	113	†92	92½	0	0	10.08
C.C.C.E 9¾ 95	300	97⅜	97⅞	0	0	9.76
C.N.C.A 7⅞ 91	150	†93½	94	+0¼	+0¼	9.50
Credit Lyonnais 9 91	200	†99¼	99¾	+0⅛	+0⅛	9.19
Credit National 8¾ 93	200	95	95½	0	0	9.54
Credit National 7⅞ 92	100	93½	94	−0⅛	−0⅛	9.49
Credit National 7¼ 91	150	—	—	—	—	—
Denmark 7⅛ 92	500	†92¾	93¼	+0⅛	−0⅛	9.52
E.E.C. 7 91	100	93⅜	93¾	−0⅛	−0⅛	9.37
E.E.C. 7¼ 93	250	92	92⅜	0	+0⅛	9.44
E.E.C. 8 90	350	†97¾	98¼	−0⅛	−0⅛	9.16
E.I.B. 7⅝ 93	100	92¼	92⅝	0	0	9.50
E.I.B. 9⅜ 97	150	97⅞	98⅜	+0⅛	0	9.70
Elec.De France 9 98	200	94⅛	94¾	+0⅛	+0⅛	9.90
Finland 7⅞ 97	200	88	88½	+0⅛	0	9.98
Finland 7½ 93	200	†91⅞	92⅜	0	0	9.53
Finn.Exp.Cd. 8½ 92	200	97¼	97¾	+0⅛	+0⅛	9.32
Ford Motor Credit 8 91	250	96⅝	97⅛	0	0	9.38
Gen Elec Credit 10¼ 00	200	†100¼	100¾	0	0	10.16
G.M.A.C. 8 89	250	98¼	99⅜	0	0	0.09
Halifax BS 9½ 93	200	†98½	99	+0⅛	0	9.82
Hoesch 8¼ 97	100	†91	91½	0	0	9.79
Italy 9 90	1000	†99¾	100¼	0	0	8.98
L.T.C.B of Japan 8 91	100	†94½	95	0	0	10.13
L.T.C.B. of Japan 8 97	200	87¾	88⅜	+0⅛	+0⅛	10.17
Mercds-Benz Cd. 8½ 95	100	†92⅝	93⅛	0	0	10.02
Metropolis Tokyo 9½ 93	200	100⅛	100½	0	0	9.40
Morgan Guaranty Tst. 7 90	150	96½	97⅛	0	0	9.29
Norway 8¾ 93	500	97⅜	97⅞	0	0	9.39
Pepsico Inc 7⅞ 93	200	†92⅛	92⅝	0	0	9.43
Portugal 8¼ 91	300	†96⅝	97⅛	+0⅛	+0⅛	9.57
Prudential Crp. 8¾ 94	125	96½	97	0	−0½	9.49
Qantas Airways 10⅜ 95	140	102⅛	102½	0	0	9.90
Saskatchewan 10¼ 92	100	103⅜	103¾	−0¼	+0⅛	9.49
State Bk S Aust 9¼ 93	100	98¼	98⅝	0	+0⅛	9.68
Swed Exp Cred 7¼ 91	100	*94¼	94¾	0	0	9.32
Swed Exp Cred 10 92	100	†99⅞	100⅜	0	0	9.93
Sweden 7 91	250	93¾	94¼	0	0	9.28
Sweden 7 92	250	†91⅜	91⅞	0	0	9.94
Sweden 8¾ 96	200	94⅜	94⅞	0	+0⅛	9.77
Sweden 8½ 92	200	†97¼	97¾	+0⅛	0	9.28
Victorian Rep 11⅜ 92	150	105¾	106⅛	0	0	9.58
World Bank 7 92	300	*93¼	93¾	0	−0⅛	9.36
World Bank 9 97	300	95⅜	95¾	+0⅛	0	9.75
Yasuda Trust Fin 8½ 93	100	94⅞	95⅜	0	0	9.80

Average price change... On day +0 on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	99⅝	100⅛	0	0	6.02
Avis Fin.SVS 5⅞ 92	100	100¼	100¾	0	+0¼	5.70
Bank of Tokyo 5¾ 93	100	99⅞	100⅜	0	+0⅛	5.71
Central BK. Turkey 7 92	200	102¾	103¼	+0⅞	+0⅛	6.15
Commerzbank o/s. 5⅜ 93	300	98⅞	99⅜	+0⅛	−0¼	5.60
Degussa Int. 6⅛ 97	200	98½	99⅛	−0¼	0	6.31
E.I.B 5½ 98	150	96⅝	97⅛	0	0	5.91
E.I.B 6 97	300	98	98⅝	−0⅛	−0¼	6.27
E.I.B. 6⅛ 96	300	99⅜	100	−0⅛	−0¼	6.16
E.I.B. 6⅛ 97	400	98⅞	99½	−0⅛	−0¼	6.25
E.I.B. 6⅞ 95	300	103	103⅝	−0⅛	−0¼	6.29
Euro.Coal& Steel 5⅞ 97	175	97	97⅝	0	0	6.30
Eurofima 6¼ 96	100	99⅞	100½	−0⅛	−0⅝	6.22
Elec De France 5¾ 97	300	96⅜	97	0	+0¼	6.26
Forsmark Krtg. 5⅛ 93	200	97½	98	−0⅛	+0⅛	5.69
I.A.D.B. 6 97	200	97⅝	98¼	0	0	6.30
Japan Dev. Bk. 5⅜ 95	300	96	96¼	0	+0⅛	6.04
Japan Finance 5¾ 97	100	95	95⅝	0	0	6.49
Ireland 6½ 97	300	99⅜	99⅞	+0¼	+0⅜	6.55
Korea Dev BK 6⅝ 93	100	102⅝	103⅜	−0¼	−0½	5.88
Malaysia 6¼ 94	150	98⅞	99⅝	−0¼	−2	6.40
Nat. West BK. PLC 6 98	300	95¼	95¾	0	0	6.64
Nippon Telg.&Tel. 6 95	400	99⅜	99¾	+0¼	−0⅞	6.11
Oesters. Kontbk. 5 93	300	97½	98⅛	−0⅛	−0¼	5.54
Portugal 5¾ 92	150	99¼	100⅜	0	−0⅛	5.75
Portugal 6⅝ 95	150	101⅞	102⅝	−0⅛	−0¼	6.21
Privatbanken 5¼ 93	150	95⅞	96⅜	−0¼	−1	6.22
Royal Insurance 5½ 92	300	100⅛	100⅝	−0⅛	−0⅛	5.37
Soc Cent Nuclear 7¼ 95	150	103¼	103⅞	0	+0¼	6.57
Turkey 6½ 95	500	97⅜	97⅞	0	+0¼	6.92
Westlb. Finance 5 93	200	†97¼	98	0	−0⅜	5.53
World BK. 6¼ 97	600	99⅝	100⅛	0	0	6.27

Average price change... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†101¾	102¼	+0⅜	+0⅞	4.69
Asfinag 5 03	100	†100¼	100¾	0	+0¼	4.95
B.F.C.E. 4½ 98	200	†97¼	97¾	−0⅛	0	4.82
B.M.W.Fin.Neth. 5 13	150	†93¼	94	0	0	5.46
Britannia B/S. 4¼ 94	100	†97¼	97¾	−0⅛	−0¼	4.75
CIR Int. W/W 3 93	125	†100	100¼	−1⅛	−0⅞	2.99
Credit Lyonnais 4¾ 00	100	†97½	98	+0⅛	−0⅜	5.01
E.I.B 4⅝ 98	150	†98¾	99	0	0	4.77
Fletcher Chall. 4⅞ 98	150	†97	97¼	−0¼	−0⅛	5.26
Kobe City 4⅝ 98	150	†98¾	99	0	0	4.77
Leeds Perm. B/S. 4⅛ 93	200	†98½	99	0	+0⅛	4.42
Malaysia 5¼ 98	100	†98	99	−0⅜	−0⅜	5.45
Maxwell Comm.Grp. 5 95	150	†101¾	102	0	+0¼	4.67
Nationwide Ang.B/S. 4 93	200	†97	97½	0	−0¼	4.65
Nippon Telg.&Tel.4¼ 95	200	†99¾	100	0	0	4.27
Oesters.Ktbk. 5 03	75	†99½	100¼	+0⅜	+1⅛	4.99
Rep.National Bk. 4 93	150	†96	96½	0	−0⅛	4.42
Thailand 4⅝ 95	200	†95¼	95¾	+0⅛	0	5.42
World Bank 5 03	150	†98	98¼	0	−0¼	5.18

Average price change... On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	100½	100¾	0	+0¼	5.20
Belgium 4⅝ 94	45	95½	95⅞	−0⅛	+0¼	5.50
Canada 4⅞ 92	80	97¼	97½	−0⅛	+0⅛	5.14
Elec. De France 5⅛ 94	20	98½	99⅛	−0⅛	+0⅜	5.38
Ireland 5⅛ 93	30	99⅜	99⅞	0	−0⅛	5.21
Norway 5⅛ 95	50	97¾	98	−0⅛	+0⅜	5.51
Rep. of Italy 5¾ 92	150	102	102⅝	−0⅛	+0⅛	5.06
Sweden 4⅝ 93	50	97¼	97½	0	+0⅞	5.26
World Bank 5½ 92	50	101½	101¾	−0⅛	+0⅛	5.04

Average price change... On day −0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS. 10¼ 93 £	50	97⅞	98⅜	−0⅛	−0⅛	10.76
Alg. Bk. Ned. 5½ 92 FL	150	97⅝	98⅛	−0⅛	−0⅛	6.18
Amro Bank 6¼ 92 FL	150	100⅝	101⅛	0	−0⅛	6.00
Barc. Aust. 14 91 A$	20	101¼	101¾	−0⅛	0	13.34
Barc. Bk. 10⅛ 97 £	250	95⅝	96⅛	−0⅛	0	10.96
BP Capital 9¾ 93 £	100	96⅛	96⅝	−0⅛	−0⅛	10.75
British Airways 10 98 £	100	93⅝	94⅛	−0⅛	−0⅛	11.05
C.I.B.C. Mort. 10¾ 93 C$	100	†97½	98	0	−0⅛	11.37
Comm. Bk.Aust. 12⅝ 93 A$	100	98⅛	98½	−0⅛	0	13.26
Coop.Ctr.Rabo.6¼ 93 FL	100	99½	100¼	0	−1⅛	6.27
Coop.Ctr.Rabo.6 92 FL	200	99⅜	100⅜	0	−0¼	5.99
Denmark 7¾ 92 ECU	100	100½	101⅛	0	−0¼	7.47
Dixons 11 95 £	90	—	—	—	—	—
Deutsche Bank 9¾ 97 £	75	†93⅛	93⅝	−1	−0⅝	11.08
Deut.Bk.Aust.12¼ 95 A$	70	†99⅛	99⅝	−0¼	−0⅛	12.85
E.I.B 10¼ 98 C$	130	†95⅞	96⅜	0	−0⅛	10.77
E.I.B 8⅝ 93 LF	10	†100¾	101¼	0	+0¼	8.25
Elec.France 10¼ 95 C$	125	†97⅛	97⅝	0	−0⅛	10.80
Euratom 7⅞ 97 ECU	145	96⅜	97⅛	0	+0½	7.90
Eurofima 7½ 92 FL	50	†104¼	105	0	+0¼	6.05
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†96¼	96¾	0	−0⅛	10.90
Ford Cr.Can.10¾ 93 C$	100	†98⅝	99⅛	0	−0⅛	11.04
Gillette Can. 9⅝ 93 £	70	92½	93¼	−0½	−0⅞	11.59
G.M.A.C. 9¾ 93 C$	150	†96	96½	0	−0⅛	10.78
G.M.A.C. 9¼ 98 C$	75	†98¾	99¼	0	−0½	9.55
G.M.A.C Aus. Fin.14 90 A$	50	100⅝	101	−0¼	+0⅛	13.55
Halifax BS 10⅞ 97 £	100	96⅛	96⅝	−0½	−0⅛	11.03
Imp Chem Inds 10 03 £	100	94⅞	95⅜	−0⅝	−0⅛	10.66
Inv. Industry Int. 10 93 £	60	†96⅛	96⅝	−0½	−0¼	11.01
Lloyds Bank 10¼ 98 £	150	94¼	94¾	−0⅛	−0⅛	11.19
Montreal Tst.10¾ 93 C$	100	†93½	94	0	−0⅛	12.52
Mtge.Bk.Den. 6¾ 91 FL	100	100⅝	101⅛	−0¼	−0⅛	6.28
Nat. West.Bk.13⅛ 92 A$	50	†99	99½	0	+0⅛	13.32
Nationwide BS 10⅛ 93 £	75	97	97½	−0¼	−0¼	10.88
Ned. Midd.Bank 6 92 FL	150	99⅜	99⅞	0	−0⅛	6.11
New Zealand 9½ 93 £	100	94⅜	94⅞	−0⅛	−0½	11.00
New Zealand 7¾ 93 ECU	200	99⅞	100⅜	0	0	7.70
Oesters.Ktbk.13⅝ 94 A$	75	102	102⅝	−0¼	+0¼	13.09
Prudential Fin.9⅞ 07 £	150	†88½	89	−0⅜	−0¼	10.79
Royal Bk.Scot.10⅝ 98 £	125	95⅞	96⅜	−0⅜	−0¼	11.33
S.D.R. 7¼ 95 ECU	90	99⅛	99⅝	+0⅛	+0⅛	7.86
Wstd.Lb.Fin. 12½ 93 A$	50	†99⅝	100⅜	0	+0⅞	12.49
World Bank 5¾ 92 FL	100	99¼	99⅞	0	−0⅛	5.90
World Bank 13⅛ 92 A$	100	†99⅞	100⅜	−0⅜	−1	13.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.37	99.43	21/07	8.33
Belgium 91 US	0	100.41	100.51	22/08	7
Britannia 5 93 £	0⅛	99.68	99.73	10/10	10.37
Chase Manhattan Crp.91 US	0¼	99.30	99.48	22/08	6.94
Citicorp 98 US	†0¼	97.10	97.35	31/08	7.69
EEC 3 92 DM	†0	100.45	100.55	22/08	3.56
Halifax BS 94 £	.1	99.76	99.81	9/08	8.47
Invt. In Industry 94 £	†0	99.83	99.93	24/08	7.81
Leeds Perm. B/S. 94 £	0⅛	99.87	99.92	13/01	10.44
Midland Bank 01 £	.1	94.75	95.75	11/08	8.54
Milk Mkt. Brd. 5 93 £	0⅛	99.75	99.80	30/09	10
New Zealand 5 97 £	.07	99.72	99.82	18/08	7.81
New Zealand 5 01 US	0	99.83	99.94	4/08	6.98
State Bk. Nsw. 98 US	.188	100.17	100.27	11/08	7.09
United Kingdom 5 92 US	†0	100.05	100.05	7/01	7.81
Woolwich Equit.BS. 93 £	0⅛	99.60	99.65	15/07	5.12
Woolwich 5 95 £	†0⅛	99.71	99.76	19/08	7.87

Average price change... On day −0.01 on week +0.01

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	102	103	−0⅛	32.40
Alco Health 6¼ 01 US	†7/86	26.25	105	106	−0½	−1.09
Amer Brands 7¼ 02 US	9/87	56.7	98⅜	99⅜	−0¼	19.59
Ashikaga Bank 2⅛ 02 US	4/87	967	124¼	125¼	0	3.08
Asics 5 92 DM	12/83	472.7	208⅞	210¼	+0½	4.08
CBS. Inc. 5 02 US	4/87	200	89⅝	90⅝	−0⅞	13.09
Fujitsu 3 99 US	5/84	1106.	293⅞	294⅞	+1⅝	0.25
Kinki-Sogo Bk.2⅞ 03 US	4/88	1069.	122⅞	124¼	−0¼	1.67
Land Secs. 6¾ 02 £	6/87	6.72	95¼	96¼	−0¼	12.83
MCA Inc 5½ 02 US	9/87	69.62	79½	80½	−0½	35.03
Minolta Camera 2¼ 94 DM	2/86	1004.	101⅞	103⅛	−0¼	19.06
Mitsubishi Bk.1¼ 02 US	9/87	3157.	108⅛	109⅛	−0¼	2.57
Mitsui trust 2⅞ 01 US	10/86	1903.	121¾	122⅞	−0¼	−0.79
Next Plc 5¾ 03 £	11/87	4.3	99¼	100¼	+0¼	81.75
Nishi Nipp.Bk.2⅞ 03 US	4/88	804.	115⅝	116¼	0	3.74
Omron Tateisi 2⅞ 02 US	4/87	1310.	217	218¼	−5	0.38
Primerica 5½ 02 US	†4/87	66.75	65¼	66¼	−0¼	55.56
Ranks Hovis 4⅞ 03 £	1/88	3.5	117½	118½	+1¼	1.23
Redland 7¼ 02 £	1/87	5.4	88⅛	89⅛	+0¼	15.32
Saatchi&Stchi 6¾ 03 £	†10/89	4.41	99¼	100¼	−0¼	20.52
Texas Inst. 2¾ 02 US	9/87	82.87	73⅛	74⅛	−0⅜	56.94
W.R. Grace 6¼ 02 US	9/87	42.12	81⅛	82⅛	−0½	41.79

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Atlantic Computers acquires three European companies for £11m

ATLANTIC COMPUTERS, the computer leasing group which is currently the subject of a recommended takeover from British & Commonwealth Holdings, yesterday announced three European acquisitions, writes Philip Coggan.

Atlantic is paying £11m for three companies – ICS, ICS B&B Finanz and Ljus och Kraft Data/Installation, based in Norway, Switzerland and Sweden respectively.

ICS is involved in the sale, brokerage and financing of IBM and DEC computer equipment; it made pre-tax profits of £800,000 last year. ICS B&B Finanz leases IBM processors and peripherals and made pre-tax profits of £300,000 last year.

Ljus designs and installs local data communication systems and wiring networks. The data business made profits of £250,000 in the seven months to March 31; the installation business made profits of £200,000 in the year to December 31, 1987.

Motor parts expansion for British Syphon

BRITISH SYPHON Industries, diversified manufacturing and merchanting group, is to pay up to £1.75m in shares for Thomas Bell Group, a private Wirral-based distributor of motor parts, writes Clay Harris.

Export sales – especially to Caribbean countries – account for 80 per cent of Bell's turnover. Mr Bryan Morrall, British Syphon chairman, said this experience would benefit the group's existing automotive parts merchanting businesses, M&F Components and Sandalloy, *which do not export at present.*

Bell achieved pre-tax profits of £66,000 on sales of £5.4m in 1987 and has warranted profits of £280,000 for 1988. British Syphon is initially paying shares worth £332,285, with a second instalment linked to profits in the current year.

SEP's $0.73m buy

SEP Industrial Holdings, the USM quoted engineering group, is acquiring American Socket Screw of Chicago for $730,000 (£429,000) and an interest free loan note of $115,000 repayable over three years.

American Socket is one of the 10 largest distributors of socket screw and allied products in the US with warehouse facilities in Dallas, Cleveland and Atlanta as well as the headquarters in Chicago, SEP directors said.

The US company had a turnover of $4.5m and returned a pre-tax loss of $1.09m in the year to last January due primarily to poor results from some manufacturing activities which have now been discontinued. Net assets at July 31 were $814,000.

Moorfield rises

Moorfield Estates, property developer, has reported pre-tax profits of £232,000 in the six months to April 30, against £168,000 in the comparable period of 1987. Turnover was £2.97m, compared with £1.99m and earnings per 10p share rose from 1.3p to 1.8p.

Brierley ECC stake

English China Clays disclosed yesterday that the New Zealand entrepreneur Sir Ron Brierley's Industrial Equity (Pacific) had built up a 4.24 per cent stake in the Cornish-based industrial minerals and construction group. The shares were bought through several nominee accounts, writes Clay Harris.

ECC said it had known that IEP held 2.5 per cent since shortly after the purchases began last November. Yesterday's announcement, which came after ECC shares had closed 1p lower at 459p, was made because "it's got into a size of holding which makes it sensitive to the market," the company said.

The share purchases were discovered through inquiries under Section 212 of the Companies ACT. ECC said it had extended its "normal investor relations services" to IEP.

Kenyon acquisition

Kenyon Securities, USM-quoted funeral director, has bought Romney Marsh Funeral Services for some £110,000 in cash and shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Alida Holdings ....int	3	-	2.5	-	9.25
Fisher (James) ....int	1.95	-	1.7	-	3.6
Palma ....int	1.2	-	1	-	3
Rockwood § ....int	0.3	Oct 4	-	-	0.4
Scot Eastn Inv ....int	1	Oct 26	0.85	-	2.35
Woodchester Inv ......int	0.75♣	Sept 30	0.8	-	1.13

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ♣ Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Cambridge Electronic, EBC, Evans Halshaw, Ex-Lands, Federated Housing, Frost Group Inv., Gold & Base Sea Metal Mines, HK & Shanghai Banking Corp, Life Sciences Intl., Marley, Nthn. Engineering, OIS Group, Olives Paper Mill, Scandinavian Bank, Taylor Woodrow, Templeton, Galbraith & Hansberger.

Finals- Dunton Group, Joe Hldgs., Pifco Hldgs.

FUTURE DATES

Interims-

Bodycote Intl.	Sept 6
Highcroft Inv. Tst.	Sept 22
Iceland Frozen Foods	Sept 13
Intl. Business Comms.	Sept 7
Linread	Sept 5
London & Metropolitan	Sept 27
Macallan Glenlivet	Sept 23
Maxwell Communication	Aug 31
More O'Ferrall	Sept 2
Pentos	Sept 6
Telfos	Aug 30
United Biscuits	Sept 14
Williams Holdings	Sept 7

Finals-

Black (Peter)	Sept 6
SelecTV	Aug 24
West Trust.	Aug 26

Interest payments of $18m restrict profits growth

ADT advances to $80m halfway

By Clay Harris

ADT, international services company, yesterday reported a 57 per cent advance in interim pre-tax profits to $80.1m (£47.7m). Mr Michael Ashcroft, chairman and president of the former Hawley Group, said the six months to June 30 was a period of "consolidation and some rationalisation."

Despite an improvement in operating margins from 8 per cent to 10.7 per cent, growth in pre-tax profits failed to match that of turnover which more than doubled to $915.8m ($431.3m).

This reflected the heavy borrowings taken on last year during the $715m acquisition of ADT Group, the US security services operator which later gave its name to the entire company. ADT made net interest payments of $17.9m in the first half, compared with receipts of $16.5m in the 1987 period.

Earnings per share rose by 18 per cent to 9.3 cents (7.9 cents). The effective rate of income tax paid by Bermuda-based ADT fell from 14.9 per cent to 11.2 per cent.

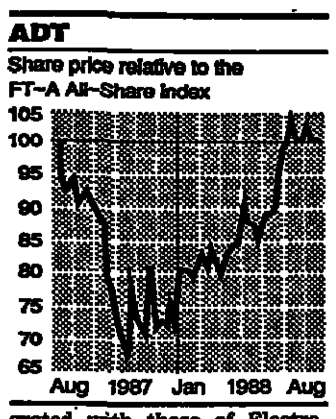
ADT is reducing its debts through disposals. These included the sale of industrial and office cleaning businesses in Europe and of security guard operations in the UK, both to BET, its UK-based rival in international support services. The first disposal, announced as the half-year closed, was mainly responsible for a $61.5m extraordinary credit (nil).

The disposal of general cleaning operations in the UK, where ADT is focusing on specialist, higher-margin hospital contracts, makes likely the sale of a janitorial supplies business with annual sales of about $30m.

Mr David Hammond, finance director, said yesterday that ADT also expected to receive additional repayments this year of part of the $300m still owed by Henlys, its Canadian associate company.

ADT did not provide a breakdown by sector at the half-way stage, but said all three divisions – security, maintenance and auctions – were trading up to expectations.

In the US, the ADT security networks were being integrated with those of Electro-Protective and Crime Control, which were part of Hawley. Consolidation of central stations and implementation of new administrative systems would increase operating efficiencies over the next few years, the company said.



ADT is also offering new specialised monitoring systems to business and banking customers.

In contrast to the exit from commercial cleaning in Europe, the sector continued to provide revenue gains in most parts of the US. One exception was Texas, where vacancy rates continued to be affected by the weakness of the oil-related economy.

Water restrictions imposed because of the US drought had a negative impact on one of the small niche businesses: the lawn care service offered by Ever Green Lawns. ADT said the subsidiary had reduced staffing and other costs, but results were still below expectations.

The results included six months' contribution from British Car Auctions, compared with only three months in 1987. Auction networks were expanded in both the US and UK.

ADT declared a one-for-47 scrip dividend, compared with a one-for-60 scrip at the same stage last year. At yesterday's exchange rate and unchanged closing price of 141p, this is worth 5.04 cents. The cash alternative is 4.9 cents (4.2 cents), an increase in line with the rise in earnings. The scrip is payable on November 11, the cash on January 12.

Lonrho purchases Wooltons for £3.8m

By Alice Rawsthorn

MR TINY ROWLAND and Lonrho, his international trading empire, have taken a break from lobbying, litigation and arguments over the origins of the Al-Fayed family, to be drawn into the world of curtains.

Lonrho yesterday became one of the largest manufacturers and retailers of curtains in the UK by buying Wooltons for £3.8m from Wooltons Betterware, the USM-quoted home products group.

Wooltons owns two chains of curtain shops – Wooltons Curtains, which sells traditional ready-made curtains, and Curtainz, a new business begun last autumn to sell custom-made curtains – and a factory in Birmingham.

Its acquisition turns Lonrho, which already has extensive interests in bed linen, into a powerful player in the £430m curtain market, one of the fastest growing areas of home furnishings.

Curtain sales have soared in recent years thanks to the fashion – inspired by the US soap operas, Dallas and Dynasty – for frilly, flouncy curtains adorned with swags and sashes. The home-owners who were once satisfied with a simple set of curtains, now swathe their windows in nets, blinds *and* the most elaborate curtains they can find.

The humble curtain has even been treated to a new name, the "window dressing", by the marketing managers who preside over its fortunes.

All the curtain manufacturers – Wooltons, Rectella, Sirdar's Eversure, Coloroll and Courtaulds' Sundour – have profited from the Dallas syndrome. Typically a manufacturer buys grey (unfinished) cloth on the world market, commissions dyeing and printing from other companies, then cuts and sews the finished curtains.

There is little capital tied up in production and manufacturers can respond swiftly to changes in demand. The trend towards frills and flounces has enabled the industry to concentrate on more elaborate – and *profitable – products.*

By contrast the retail sector has become increasingly competitive as new forces, such as the giant DIY and carpet groups, have moved into a market once dominated by department stores and specialists like Wooltons and Harveys, the home furnishings chain that Sir Phil Harris has retained from the sale of Harris Queensway.

This increased competitiveness – combined with the rise in retail property prices, rents and rates – has prompted Wooltons Betterware to withdraw from curtains. The company incurred unexpectedly *high start-up costs when it* launched the Curtainz chain, and last year its curtain subsidiary fell from profits of £410,000 into losses, on static sales of £13.6m (£13.1m).

Mr Andrew Cohen, managing director, said the company had decided to concentrate on its Betterware door-to-door selling and home products interests. The sale of Wooltons – for £2.7m in cash and £1.1m of inter-company debt – will eradicate borrowings and enable it to expand, under its new name of the British Consumer Products Group.

Lonrho perceives Wooltons as a logical extension to its established home furnishings interests. The group entered home furnishings in 1976 by buying Brentford Nylons from the receiver. It has since restored Brentford to profit and expanded its activities by both launching the Accord chain of shops-in-shops and acquiring the John Wilson retail group.

Lonrho now intends to restore Wooltons' fortunes by introducing Accord bed linen to the Wooltons shops and Wooltons' curtains to Brentford and John Wilson.

For the Rowland empire the acquisition of Wooltons marks the end of a three- year search for an entrée into the curtain market. Mr Richard Bridges, finance director of Lonrho Textiles, said it had approached several companies over the years but "they were all making too much money to want to sell".

Macmillan response expected later this week

By Raymond Snoddy

MAXWELL Communication Corporation expects to have a formal response from Macmillan, the US publishing group on its $2.35bn takeover offer later this week.

Until now the US publisher has kept a public silence over Mr Robert Maxwell's unsought offer and has indicated only *that it is looking* at the details of Mr Maxwell's $80 a share offer. An earlier unsolicited *tender offer worth* $75 a share organised by the Robert M. Bass Group has been rejected.

MCC pushed ahead with its *proposal with the publication* of details of the offer sent to shareholders and the calling of an extraordinary *general* meeting of MCC on September 9 to get shareholder approval for the proposed deal.

The document sets out the details of how such an acquisition would be financed and of an alternative offer worth $1.1bn for part of Macmillan – three business segements made up of information service companies, instruction companies such as Berlitz, and retailing.

The offer, which Mr Maxwell has emphasised depends on the agreement of Macmillan directors, would be financed by a loan facility for up to $1.2bn arranged by Credit Lyonnais; a loan of up to $1bn arranged by Samuel Montagu; and about $400m from cash and securities held by MCC.

If the deal were to go ahead, Macmillan would be taken over by Mills Acquisition Co, a Delaware corporation set up specifically for the purpose and wholly owned by Tendclass, a UK company. The present paid-up share capital of Tendclass, totalling £2 is held by Tendclass Investments and its *only shareholders are Mr S.J.D.* Corsan, a retired accountant and Mr R.G. Middleton, a retired solicitor.

MCC has no shares in Tendclass until conversion rights attached to convertible loan notes are exercised.

Mr Kevin Maxwell, joint managing director of MCC, said yesterday the company wanted to acquire all of Macmillan and had put forward an alternative offer for part of the company to frustrate any attempt to undervalue the information section of the company.

Macmillan Information covers a wide range of activities including business magazines, directories and the provision of data for the medical and communication industries.

If Macmillan were to be acquired, Robert Maxwell said in his document to shareholders that there would be a *detailed review of all Macmillan* assets. No decisions have been made but strategies which *might* include *sales* or disposals of assets would be looked at.

Palma reaches £1m midway and looks for Clothkits profit

By Alice Rawsthorn

PALMA GROUP, hosiery and knitwear manufacturer that diversified into retailing last autumn, yesterday announced an increase in pre-tax profits from £719,000 to £1m for the first half of the year.

The group's turnover, most of which still comes from Pex, its hosiery company, rose to £12.4m (£7.9m) in the six months to June 30. Earnings per share increased to 3.27p (2.39p) and the directors propose an interim dividend of 1.2p (1p).

Palma acquired Clothkits, a company that sells clothing in *kit form by mail order and* through a small chain of shops, last November for £1.75m. Since the acquisition it has invested in new business systems to improve efficiency and customer service.

Mr Peter Bailey, chairman, said that Clothkits made a small, but reduced loss in the first half and should produce a profit for the full year. A new design director has been appointed to overhaul the Clothkits range and Mr Robert Dubsky has joined from Sears as chief executive designate.

Palma intends to invest about £3m a year to expand Clothkits' retailing activities. The present chain of seven shops should be increased to 20 by the end of 1989. Mr Bailey expects to have established a chain of 90 Clothkits shops within five years.

The retail expansion programme should be partly financed with the proceeds of the development of one of Clothkits old factories. Palma has integrated two Clothkits production plants and has applied for planning permission to develop the factory into an office block in a £2.5m scheme. The development has been pre-let to the Sussex County Building Society.

Mr Bailey said that the rest of the group was trading well. Pex recovered from sluggish sales in the final quarter of last year, while Montfort, knitwear manufacturer, made a small seasonal loss in the first half but will make a profit in the second. Despite the slump in the knitwear sector he said *that Montfort's order books* were 50 per cent higher than last year.

● COMMENT

The City has a long, long memory as Palma has discovered to its cost. The company's shares have only recently recovered from the tristes of the mid-1980s and its ill-timed acquisition of Montfort. Palma has lots of bright ideas for Clothkits. If it succeeds, it should not only allay the doubts that have dogged it since Montfort, but could be transformed from an efficient, if unexciting knitting company into a neat, niche retailer. The progress of its knitting interests should ensure pre-tax profits of £3.3m in 1988. The fruits of its investment in Clothkits should surface from next year onwards. Yet the City will want to wait for proof that Palma really can manage a new business successfully before treating the shares – on a prospective p/e of 9.5 at 105p – to a re-rating.

Irish Distillers rejects I£253m GrandMet offer

By Lisa Wood

THE BOARD of Irish Distillers yesterday rejected Grand Metropolitan's I£253m (£211m) hostile bid.

The Irish whiskey producer, which will publish its defence document by September 5, declined to comment on whether there might be a white knight in the wings.

Pernod-Ricard, the French drinks group which has been tipped in the City as a possible saviour said yesterday: "We are not planning to bid for Irish Distillers nor considering becoming a minority shareholder."

GrandMet announced the bid on Friday following the break up by the European Commission of a I£200m consortium bid for the Irish whiskey producer. The consortium, called GC & C Brands, had included GrandMet, Allied Lyons and Guinness.

*GrandMet's solo bid, for*mally launched yesterday, offers I£4 per share or guaranteed loan notes. The guaranteed loan notes have potential tax advantages for those liable for Irish capital gains tax.

Irish Distillers, which was locked in meetings over the weekend, has urged its shareholders to reject the bid - describing it as "unsatisfactory and totally unacceptable." Mr Joe McCabe, chairman of Irish Distillers, said: "The new offer does not adequately reflect the true worth of the company, its profitability and future potential." Mr McCabe criticised GrandMet's proposal that it would sell brands including Bushmills and Powers whiskeys if it acquired Irish Distillers.

Irish Distillers said its defence document might contain a profit forecast for the financial year October 1988-89.

FII-Fyffes declined to comment yesterday on whether it had received any approaches for its 20 per cent stake in Irish Distillers. This had been committed to GC & C Brands, but *the European Commission* ordered that FII-Fyffes should be released from this committment – thus preventing GrandMet from having any competitive advantage when it launched its new bid.

Woodchester vaults to I£7.65m

By Clare Pearson

ACQUISITIONS helped Woodchester Investments, Irish-based finance and leasing subsidiary of British & Commonwealth Holdings, increase pre-tax profits to I£7.65m (£6.38m) in the six months to the end of June.

Woodchester, which has changed its year-end, reported taxable profits of I£3.83m in the full 12 months to March 31 1987.

The results this time were swelled by the inclusion of Bomaker Bank, the Irish consumer credit concern acquired in April 1987, and insurance broker Savings & Investments, which made a contribution from January this year.

Woodchester's acquisition trail continued this year with the £26.6m purchase in March of the 70 per cent it did not already own of Moorgate Mercantile Holdings, UK credit finance and leasing group, and, earlier this month, the £1.7m purchase of Trinity Bank, Dublin, from Brown Shipley.

Earnings per share rose 21 per cent to 4.84p (4p). The Moorgate purchase, which was designed to provide a springboard for Woodchester's expansion in the UK, had a neutral effect on earnings growth, said Mr David Dilger, finance director.

The immediate effect of the purchase was to allow Woodchester to take advantage of its 29.9 per cent holding in Lookers, the north of England-based car distributor on whose finance business Woodchester has the right of first refusal. It has been operating a new Lookers Finance division for the last two months.

Gross rentals soared to £66.78m (£24.32m). Tax took £2m (£502,000). The interim dividend is raised to 75p, which compares with 60p for the six months to end-September last year.

Mr Dilger said that Woodchester, which currently has borrowings of about £200m against shareholders' funds of £60m, was continuing to look out for acquisitions

● COMMENT

Woodchester has an excellent track record in buying companies at reasonable prices, centralising their managements and generally stripping out costs. These figures were different only in so far as it had bought Moorgate, already a tight ship, at what it admitted was a full price for the longer-term benefits of expanding and diversifying in the UK – which it must do, since its core leasing business in the Irish Republic is now mature. So far, Moorgate is going according to plan, with demand for small business finance and instalment credit strong and the Lookers finance division already in place. Shannon International, the fastest growing business, also boosted its contribution substantially. The results, which showed the company on stream to make £1.82m in the current year, were in short entirely pleasing. But analysts still consider the shares fully-valued at current prices, even taking into account the technical reason for the prospective p/e of about 18.5 being more than double comparable UK stocks – which is the importance of the shares within the Irish stock market.

New Throgmorton plan will raise £22m

By Nikki Tait

NEW THROGMORTON Trust, the split level investment trust specialising in recovery situations, is gearing up via an innovative issue of zero coupon debenture stock and by the drawdown of a 10-year fixed loan facility.

Together, the two measures will raise about £22m for the trust, which has assets of some £65m. Yesterday, New Throgmorton said that it saw many investment opportunities in the current market conditions.

In theory, its split level structure – separate classes of income and capital shares – could pose problems for any attempt to gear up. These would occur if either type of shareholder was disadvantaged as a result of the gearing move.

For that reason, investment house Barclays de Zoete Wedd has devised the twin fund-raising structure, and – on the way – introduced the first secured zero coupon stock to the London market. A handful of unsecured *domestic* zero coupon stocks currently trade.

New Throgmorton's zero coupon stock, which is underwritten by BZW, raises around £7.5m. It was placed yesterday at £32.977 per £100 nominal of stock. At this price, the gross redemption yield of the stock, which matures on August 24 1998, *is 11.407 per cent.* This is equivalent to the gross redemption yield on 9¾ per cent Exchequer stock 1998 plus a margin of 1.4 per cent.

The stock is secured by a floating charge and ranks behind the existing 12.6 per cent debenture stock 2008.

The bank loan from Barclays matures at the same time as the zero coupon stock. The facility is for up to £14.5m and is available for drawdown at one day's notice until September 30. *Interest on the loan* will be charged at an annual rate equivalent *to* the average gross redemption yield on 9¾ per cent Exchequer stock 1998 on the date of drawdown plus a margin of 1.2 per cent.

Dee sees no need for board replacements

By Nikki Tait

DEE CORPORATION, the UK food retailer which earlier this year rebuffed a £2bn bid from Barker & Dobson, says that it sees no immediate need for boardroom replacements.

Since the start of 1988, there have been three board departures. Mr Kevin O'Keeffe retired early for health reasons, Mr Tony Bulter left to run Ashley Industrial Trust – and subsequently acquired Dee's Spanish subsidiary, Digsa – and Mr Peter Thistleton stepped down from the main board, although he remains managing director of operations for Gateway.

In addition, there has been speculation over Mr David Fisher's continued willingness to remain with the group as marketing director. However, no announcement has been made in Mr Fisher's case and the company declines to comment further.

Nevertheless, in Dee's annual report, Mr Alec Monk, chairman, says that "the simplified structure of the group does not require immediate board replacements".

On the trading front, Mr Monk predicts "further progress" for the Gateway grocery chain in the current year and a stronger first half for the group overall. With regard to Herman's, Dee's ailing US subsidiary, he says it would be "imprudent to predict full recovery immediately" but expects an improvement in the current trading period.

Last year, Mr Monk's remuneration, excluding pension contributions, rose from £181,494 to £220,008.

At rival food retailer, Argyll Group, Mr Monk's counterpart – Mr Alistair Grant – sees an increase from £252,000 to £279,000.

Bristol Water raising £12m via issues

By Andrew Hill

BRISTOL WATERWORKS Company yesterday announced an issue of ordinary stock to raise up to £6m.

Following a legal precedent set earlier this year, the statutory water company has applied conditions to the offer for sale by tender, which will prevent investors acquiring more than 30 per cent of the company's nominal voting rights. New investors will be unable to build up a stake of more than 15 per cent.

A further £6m is to be raised through an issue of convertible redeemable preference shares.

Two large French water suppliers – Compagnie Generale des Eaux and Lyonnaise des Eaux – hold respectively 28.7 and 25.2 per cent of Bristol's voting stock, although their influence is severely restricted by the company's statutes. Their stakes are likely to be slightly diluted by the offer.

Tenders are being invited for £1.85m of 4.9 per cent stock at a minimum price of £325 per £100 nominal, compared with £625 when the existing ordinary stock was last dealt, and a high of £700.

The conditions are identical to those imposed by Mid Kent Water Company for an offer of ordinary stock made in June.

Morgan Grenfell, the merchant bank, which held about 53 per cent of Mid Kent's voting capital, challenged the restrictions in the High Court and the Court of Appeal. The conditions were upheld and Morgan Grenfell's holding was substantially diluted. As a result of the offer, Generale des Eaux built up a stake of about 15 per cent in Mid Kent.

Local consumers, employees and smaller subscribers are being given priority in applying for the preference shares, redeemable in 1998. The minimum investment is 250 shares at £1 each.

The preference shares carry a 6 per cent dividend and are convertible into ordinary stock at a rate of £100 nominal stock for every 500 preference shares between 1989 and 1994.

Earlier this year, Lyonnaise gained control of East Anglian Water Company, when it launched an agreed bid from the platform of a large shareholding picked up through an unrestricted tender offer.

Seymour Pierce Butterfield – broker to the Bristol, Mid Kent and East Anglian offers – and Brown Shipley, the merchant bank, received different legal advice for the Mid Kent offer and decided to impose conditions restricting large investors' stakes.

Rockwood surges to £1.1m in first half

ROCKWOOD HOLDINGS, the rapidly expanding USM-quoted distribution and related services group, yesterday reported more than trebled interim profits and a 63 per cent jump in earnings per share.

A good all-round performance was reflected in pre-tax profits up from £306,000 to £1.11m for the first half of 1988, on a turnover of £26.9m, against £5.65m.

Earnings per 10p share increased from 1.88p to 3.24p and there is an interim dividend of 0.3p – the first under current management. Last year's single payment was 0.4p.

In June, the group paid nearly £6m for Walford Meadows and its results are included for one month. Other June acquisitions were Brooksight International Group and its associate Leasing Principals, a vehicle leasing company which is expected to record its first profit this year.

Mr Tom Forrest, chairman, said that existing contracted income which took the group through the second half of the year and beyond should enable it to continue the considerably improved performance.

Last month, Rockwood completed the £8.35m sale of HB Electronics to Electron House.

Wace expands with £1.94m purchase

By Andrew Hill

Wace Group, the pre-press services group, has bought Unsworth Sugden Advertising for a maximum of about £1.94m in cash and shares.

The group is paying an initial £1.24m in cash and shares for the company, its subsidiaries and premises. A further payment of up to £700,000 is linked to Unsworth Sugden's performance until December 1990.

Unsworth Sugden is a marketing services company based in Leicester and Bristol, and will operate within Wace Group's marketing services division, which is centred on Emery McLaven Orr.

In the year to August 31 1987, Unsworth Sugden made £123,913 before tax on turnover of £3m. Its net assets at that date were £111,961. The company has guaranteed pre-tax profits for the year to August 31 1988, of not less than £150,000.

Pleasurama

Pleasurama's £63m bid for Hard Rock International yesterday went unconditional as to acceptances. Shareholders speaking for 91.38 per cent of Hard Rock's equity have accepted the offer.

Directors on March

Two directors of March, the racing cars and engineering group which joined the Unlisted Securities Market in April last year, have resigned following a recent major shake-up in management.

Mr C.D. Towns, the joint managing director and Mr L Shackleton-Fergus have left the board and and Mr Towns has also sold his 183,667 shares at 80p a share.

Manufacturing side lifts Alida to £2.35m midterm

By Andrew Hill

ALIDA HOLDINGS, packaging manufacturer and distributor, increased pre-tax profits by 16 per cent in the six months to June 30, despite a disappointing performance from the distribution side.

Turnover advanced 37 per cent from £22.5m to £30.8m, pre-tax profit from £2.02m to £2.35m, and earnings per share from 11.7p to 18.6p. The interim dividend is up from 2.5p to 3p.

Mr Rex Stone, chairman, said the cost of raw materials had risen but most of the impact had been passed on to customers in increased selling prices. He said lack of materials might limit Alida's volume growth in the second half, but the group was better placed than many of its competitors to cope with the situation.

Alida is proposing to increase its authorised capital from £4m to £13m with the creation of 9m £1 cumulative redeemable preference shares 2008/2013.

The company has decided £12m is needed to strengthen its UK manufacturing and distribution base in preparation for the creation of a single European market in 1992.

It intends to place 5m preference shares to help fund an accelerated investment programme, although the terms of the placing are yet to be decided.

During the first half of 1988, manufacturing pre-tax profits rose 43 per cent to £1.74m (£1.22m) on sales of £18.8m (£13.9m), but distribution profits dropped 16 per cent to £769,000 (£901,000) on turnover of £12m (£8.57m).

Mr Stone said difficulties had arisen in the co-ordination of a number of small packaging distribution subsidiaries. However, he said the polymer distribution arm – where turnover increased by 69 per cent in the first half – would continue to grow, while problems with the packaging distribution side were addressed.

Singer & Friedlander Group, the investment and property dealing company, holds a 17 per cent stake in Alida. Main board directors and subsidiary company directors together hold over 50 per cent of the company's shares.

J Fisher up 10% at £1.6m

By Peter Pearse

JAMES FISHER & Sons, shipowner, port operator, insurance broker, ship manager and stevedore, increased pre-tax profits by 10 per cent from £1.42m to £1.56m in the first half of 1988. This result was achieved on turnover which slipped from £15.47m to £15.15m.

The tax charge was slightly up at £551,000. An extraordinary credit of £4.85m (debit £4,500), related to the disposal in May of three freehold port interests – in Gravesend and Sittingbourne, Kent, and Ellesmere Port, Cheshire. Earnings worked through at 4.22p (3.77p) per share and an interim dividend of 1.86p (1.7p) has been declared.

The directors said that profitability of both the port and shipping interests was affected by international markets and that it was therefore difficult to make any forecast of future profitability. However, taking into account the broad base of the company's shipping interests and the recent reorganisation of its port operations, the directors were confident of a satisfactory result for the year.

The group's shipping interests performed well and benefited from the improvement in the shipping market which started towards the end of last year. However, fierce competition in the port industry restrained further growth in the group's ports, which failed to meet expectations.

Scottish Eastern asset rise

With the benefit of an upturn in world stock markets since the October crash, Scottish Eastern Investment Trust has lifted its net asset value by 10.7 per cent to 167.2p over the six months ended July 31 1988.

There were exceptional increases in some of the larger UK investments, while returns from overseas markets were encouraging. The unlisted portfolio made good progress.

In the six months earnings moved up from 1.22p to 1.65p, and the interim dividend is raised to 1p (0.85p). Total income was £8.52m (£7.3m) and the pre-tax revenue £4.93m (£3.86m).

COMPANY NEWS IN BRIEF

ECONOMIC FORESTRY Group has acquired Nutscene, a private company engaged in the manufacture and distribution of garden products, for a total of £600,000 cash. Nutscene made pre-tax profits of £108,000 from turnover of £510,000 in the year to December 31 1987.

FINE ART DEVELOPMENTS, which manufactures and sells greeting cards and associated products, has acquired the Calder Book Company, book wholesaler and merchandiser, for an initial consideration of £250,000. A further profit-related payment is payable based on results for the two years to December 31 1990.

GNOME PHOTOGRAPHIC is to change its name to Noble Raredon, subject to a resolution at the forthcoming AGM.

PRESSAC HOLDINGS, UK electronic components supplier, has announced further development in the US through its Detroit-based subsidiary Pressac Inc, which has opened a new purpose-built warehouse in Huntsville, Alabama. The warehouse will supply UK-manufactured automotive circuits to Chrysler at its Huntsville Electronic City complex.

SHARE STAKES

The following changes in share stakes were announced recently: ABBOTT MEAD Vickers: London Uberior (LAS Group) Nominees, part of London & Scottish Insurance, holds 706,800 shares (5.3 per cent).

BALTIC: Funds managed by Scottish Amicable Investment Managers hold 3m ordinary (8.5 per cent).

BENLOX HOLDINGS: Dr Ashraf Marwan said he is the beneficial owner of 3.68m shares.

BRIDPORT-GUNDRY: Charterhall lifted holding to 2.4m shares (24.01 per cent).

COMMERCIAL UNION: GA Duncan Pty holds 400,000 and Ollies Investment 29.1m shares. Total holding of 29.5m represents 7 per cent of capital.

T. COWIE: Following the sale of 325,000 ordinary by Royal Heritage Life Assurance, Royal Insurance Group holds less than 5 per cent.

DOBSON PARK Industries: Funds managed or advised by M&G Investment Management bought 500,000 shares, increasing total to 15.88m (15.2 per cent of voting).

ELECTRON HOUSE: South Yorkshire Pensions Authority owns 915,000 shares (5.64 per cent).

EVE GROUP: Mrs B.N.Ledger holds 48,060 ordinary (5.3 per cent).

F & C ENTERPRISE Trust: Equitable Life Assurance acquired 250,000 and holds 9.65m shares (11.09 per cent).

F AND C EUROTRUST: Civil Aviation Authority Superannuation acquired 100,000 ordinary and holds 940,493 (7.8 per cent).

FINLAY PACKAGING: Framlington Extra Income Trust owns 450,000 ordinary (5.24 per cent).

FIRSTLAND OIL and Gas: Holding of Amalgamated Financial Investments reduced from 1m to 800,000 shares (4.78 per cent).

GUINNESS: LVMH Möet Hennessy Louis Vuitton SA has an aggregate holding of 104.28m shares (11.46 per cent).

HUNTERPRINT: Prudential Corporation group, together with segregated funds managed on behalf of clients, holds 971,079 ordinary (5.03 per cent).

OFFICE AND Electronic Machines: Norwich Union Life Insurance increased holding to 319,284 shares (5.21 per cent).

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

FURTHER CO-ORDINATED intervention to sell the dollar by the US Federal Reserve and European central banks, had only limited impact yesterday.

European currencies were generally weak, losing ground against the dollar, and also declining in terms of the Japanese yen.

The dollar remained very strong against the D-Mark, finishing at DM1.9190, compared with DM1.8920 on Friday, and near the recent 19-month peak of DM1.9250.

The US currency also rose to Y134.05 from Y133.45; to SFr1.6115 from SFr1.5915; and to FFr6.5050 from FFr6.4150.

According to the Bank of England, the dollar's exchange rate index rose to 100.4 from 99.6.

The weak D-Mark dragged down other members of the European Monetary System against the dollar, but kept trading within the EMS itself very quiet.

A movement against the D-Mark was seen in the Far East, where there was speculative buying of the dollar and yen, against the German currency. The dollar closed at the day's high of DM1.9125 in Tokyo.

The Bank of Japan did not intervene to stem the dollar's rise, but trading in Europe began slowly as dealers feared dollar sales by central banks, particularly the Bundesbank and the Federal Reserve.

In the early afternoon the Bundesbank was joined by the Bank of England; Bank of France; Bank of Italy; Dutch Central Bank; Belgian National Bank; and Austrian National Bank in co-ordinated intervention by European central banks to sell the dollar.

The Federal Reserve also intervened several times during the day, and dealers reported the Bank of Canada as a seller of dollars against the D-Mark.

The D-Mark's slide led to speculation that the Bundesbank may increase interest rates this week, either at the weekly securities repurchase agreement tender, or at the central council meeting on Thursday.

In Tokyo the D-Mark hovered around the resistance point of Y70.00 against the yen, and opened at that level in Europe. It fell to Y69.95 in the early morning, and touched another technical resistance point of Y69.80 in the afternoon, before closing at Y69.85, compared with Y70.55 on Friday.

Sterling suffered as speculative money moved out of London and into New York. This was partly because of the underlying strength of the dollar, and also because of nervousness about the UK trade figures on Thursday. The City expects another set of disappointing trade figures, with a current account deficit in the region of £1bn.

Sterling fell 2.55 cents to $1.6765. The pound also declined to DM3.2175 from DM3.2200; to Y224.75 from Y227.25; to SFr2.7025 from SFr2.7075; and to FFr10.9050 from FFr10.9175.

Sterling's exchange rate index fell 0.5 to finish at the day's low of 76.2.

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EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug.22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.6595	+2.83	+1.07	±1.5344
Danish Krone	7.85212	7.96527	+1.44	-0.32	±1.5404
German D-Mark	2.05853	2.08282	+1.18	-0.58	±1.0981
French Franc	6.90403	7.05837	+2.24	+0.48	±1.3674
Dutch Guilder	2.31943	2.35087	+1.36	-0.40	±1.5012
Irish Punt	0.768411	0.775945	+0.98	-0.78	±1.6684
Italian Lira	1483.58	1540.86	+3.86	+2.77	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug.22	Latest	Previous Close
£ Spot	1.6750-1.6755	1.6980-1.6990
1 month	0.39-0.38pm	0.36-0.35pm
3 months	1.17-1.15pm	1.15-1.12pm
12 months	3.38-3.33pm	3.32-3.22pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.22	Previous
8.30 am	76.6	76.7
9.00 am	76.6	76.7
10.00 am	76.6	76.7
11.00 am	76.5	76.7
Noon	76.5	76.7
1.00 pm	76.3	76.7
2.00 pm	76.3	76.7
3.00 pm	76.3	76.7
4.00 pm	76.2	76.7

CURRENCY RATES

Aug.22	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.759018	0.647268
U.S Dollar	6.50	1.29071	1.08743
Canadian $	8.75	1.58357	1.33664
Austrian Sch.	3½	17.2116	14.6474
Belgian Franc	7	51.2993	43.6595
Danish Krone	7½	9.36887	7.96527
Deutsche Mark	3	2.44693	2.08282
Neth.Guilder	4	2.76276	2.35087
French Franc	9½	8.29475	7.05837
Italian Lira	12½	1812.29	1540.86
Japanese Yen	2½	172.052	145.680
Norway Krone	8	8.92139	7.59392
Spanish Peseta	-	160.397	136.416
Swedish Krona	8½	8.36896	7.10840
Swiss Franc	2½	2.05739	1.75182
Greek Drach.	20½	195.968	166.732
Irish Punt	-	0.911325	0.775945

*All SDR rates are for Aug.19

CURRENCY MOVEMENTS

Aug.22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	76.2	-15.3
U.S Dollar	100.4	-8.7
Canadian Dollar	84.4	-3.2
Austrian Schilling	132.1	+9.6
Belgian Franc	97.0	-6.4

OTHER CURRENCIES

Aug.22	£	$
Iran	120.50*	70.75*
Korea(Sth)	1222.10-1231.90	719.50-725.30
Kuwait	0.47515-0.47600	0.28275-0.28325
Luxembourg	67.35-67.45	40.15-40.25
Malaysia	4.4665-4.4775	2.6595-2.6615
Mexico	3838.00-3859.00	2280.00-2292.00
N. Zealand	2.6220-2.6270	1.5595-1.5610
Saudi Ar.	6.3120-6.3175	3.7495-3.7505
Singapore	3.4255-3.4310	2.0380-2.0400
S. Af (Cm)	4.1550-4.1660	2.4745-2.4760
S. Af (Fn)	5.8455-5.9490	3.4785-3.5400
Taiwan	48.35-48.60	28.55-28.65
U.A.E.	6.1820-6.1880	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Aug.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6735-1.6910	1.6760-1.6770	0.39-0.37cpm	0.91	1.19-1.15pm	2.79
Canada	2.0565-2.0785	2.0595-2.0605	0.29-0.21cpm	1.46	0.80-0.69pm	1.45
Netherlands	3.62¾-3.65	3.62¾-3.63¾	1⅞-1⅝cpm	5.78	5⅛-5⅛pm	5.78
Belgium	67.25-67.85	67.35-67.45	31-16cpm	4.18	81-62pm	4.24
Denmark	12.29-12.36	12.29¾-12.30¾	3⅛-2⅝orepm	2.93	9⅞-8⅛pm	3.03
Ireland	1.1975-1.2050	1.1985-1.1995	0.39-0.34cpm	3.65	1.20-1.11pm	3.85
W. Germany	3.21½-3.23½	3.21½-3.22	1¾-1⅝pfpm	6.29	5-4¾pm	6.06
Portugal	259.50-263.25	259.50-260.50	11-57cdis	-1.57	54-151dis	-1.58
Spain	210.40-212.00	210.45-210.75	19-6cpm	0.71	52-38pm	0.85
Italy	2378¾-2394¾	2380½-2381½	3-parlirepm	0.76	5-parpm	0.42
Norway	11.71½-11.78	11.71¾-11.72¾	1½-2¼oredis	-1.92	5¼-6¼dis	-1.96
France	10.89½-10.96¼	10.90-10.91	3¾-3cpm	3.51	9¾-8¾pm	3.35
Sweden	10.97¼-11.03¾	10.98-10.99	⅞-⅛orepm	0.68	3-2¼pm	0.93
Japan	224¼-226½	224¼-225¼	1⅞-1¾ypm	7.01	3⅞-3½pm	6.56
Austria	22.52-22.73	22.60-22.63	12¼-11¼gropm	6.17	34¼-32¼pm	5.93
Switzerland	2.69¾-2.72	2.69¾-2.70¾	2-1⅞cpm	8.31	5⅛-5pm	7.57

Belgian rate is convertible francs. Financial franc 68.10-68.20. Six-month forward dollar 2.06-2.01cpm 12 months 3.46-3.36cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Aug.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6735-1.6910	1.6760-1.6770	0.39-0.37cpm	0.91	1.19-1.15pm	2.79
Ireland†	1.3990-1.4050	1.3995-1.4005	0.20-0.25cdis	-1.93	0.55-0.65dis	-1.71
Canada	1.2265-1.2315	1.2285-1.2295	0.11-0.14cdis	-1.22	0.40-0.43dis	-.35
Netherlands	2.1555-2.1705	2.1660-2.1670	0.57-0.55cpm	3.11	1.62-1.58pm	2.96
Belgium	40.08-40.25	40.15-40.25	6.00-4.00cpm	1.49	18.00-14.00pm	1.59
Denmark	7.30-7.34	7.33½-7.34	0.30dis-orepm	-0.25	0.85-0.45pm	0.35
W. Germany	1.9100-1.9230	1.9185-1.9195	0.57-0.55cpm	3.51	1.62-1.58pm	3.34
Portugal	155¾-156¼	155¾-156¼	50-70cdis	-4.62	140-190dis	-4.23
Spain	125.05-125.90	125.70-125.80	15-25cdis	-1.91	55-70dis	-1.91
Italy	1413¾-1421	1420-1420½	1.50-2.50liredis	-1.69	7.00-9.00dis	-2.26
Norway	6.95½-6.99½	6.99-6.99½	2.55-2.75oredis	-4.55	7.90-8.20dis	-4.61
France	6.47½-6.51¼	6.50¼-6.50¾	0.55-0.45cpm	0.92	1.25-1.05pm	0.71
Sweden	6.51¾-6.55¾	6.55-6.55½	1.00-1.10oredis	-1.93	2.75-3.00dis	-1.76
Japan	133.75-134.15	134.00-134.10	0.48-0.46ypm	4.21	1.33-1.28pm	3.90
Austria	13.42¾-13.48½	13.46-13.46½	4.10-3.80gropm	3.52	11.50-10.50pm	3.27
Switzerland	1.6045-1.6140	1.6110-1.6120	0.78-0.74cpm	5.66	2.02-1.97pm	4.95

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.60-40.70.

EURO-CURRENCY INTEREST RATES

Aug.22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10-9¾	10⅛-10¼	11-10⅞	11⅝-11½	11⅞-11⅝	11⅞-11⅝
US Dollar	7⅞-7⅞	8⅛-8	8⅜-8¼	8⅞-8⅞	9-8⅞	9¼-9⅛
Can. Dollar	9⅛-9	9⅛-9	9½-9¼	10⅛-9⅞	10⅜-10⅛	10⅝-10⅜
D. Guilder	5⅜-5⅛	5⅜-5⅛	5⅜-5⅛	5⅝-5⅝	5⅞-5⅞	5⅞-5⅞
Sw. Franc	2⅞-2⅞	2⅞-2⅞	3⅞-3⅞	3⅞-3⅞	4⅛-4	4⅛-4⅛
Deutschmark	4⅞-4⅞	4⅞-4⅞	5⅛-4⅞	5⅝-5⅛	5⅝-5½	5⅞-5½
Fr. Franc	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞	8-7⅞	8⅞-8⅛	8⅞-8⅛
Italian Lire	11-9	10⅛-9⅛	10⅛-9⅞	11⅛-10⅛	11⅝-11⅛	11⅞-11⅛
B. Fr. (Fin)	6⅛-6⅛	6⅞-6⅞	6⅞-6⅞	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞
B. Fr. (Con)	6⅛-6	6⅞-6⅞	7-6⅞	7⅞-7⅞	7⅞-7⅞	8-7⅞

Long term Eurodollars; two years 9¼-9⅛ per cent; three years 9⅝-9½ per cent; four years 9⅞-9¾ per cent; five years 10-9⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug.22	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
DM	0.311	0.521	1	69.86	3.390	0.840	1.129	739.9	0.640	20.94
YEN	4.448	7.460	14.31	1000.	48.53	12.02	16.16	10592	9.164	299.8
F Fr.	0.917	1.537	2.950	206.0	10.	2.478	3.330	2182	1.888	61.78
S Fr.	0.370	0.620	1.191	83.17	4.036	1	1.344	880.9	0.762	24.94
H Fl.	0.275	0.462	0.886	61.88	3.003	0.744	1	655.4	0.567	18.55
Lira	0.420	0.704	1.352	94.41	4.582	1.135	1.526	1000.	0.865	28.31
C $	0.485	0.814	1.562	109.1	5.296	1.312	1.764	1156	1	32.72
B Fr.	1.484	2.488	4.774	333.5	16.19	4.010	5.390	3533	3.056	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Prices slip on base rate fears

THREE-MONTH sterling deposits fell to an all-time low in Liffe trading yesterday, as uncertainty ahead of UK trade figures for July increased upward pressure on cash rates. However, the Bank of England gave no signal on base rates through its day-to-day intervention in the money market.

Dealers suggested that yesterday's lack of any signal was not designed as an advance indication that the trade data may not be as bad as expected, but was more of a tactical move. The Bank of England may be keen to keep its powder dry until after the figures are released.

The September sterling contract opened at 88.55 and fell to a low of 88.32 before finishing at 88.33, down from 88.61 on Friday. Trading volume remained on the quiet side, with activity still curtailed by the absence of many traders and institutional investors for annual holidays.

US Treasury bonds were also weaker. Traders are expecting further evidence this week that the US economy is expanding fast enough to revive inflationary fears. Consequently, the September price slipped to 84-24 from 84-31 at the opening, and 85-02 on Friday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
88	630	704	0	2
90	430	510	0	8
92	230	320	0	18
94	34	149	4	47
96	1	48	135	146
98	0	19	334	317
100	0	5	534	503

Estimated volume total, Calls 329 Puts 1236
Previous day's open int. Calls 31236 Puts 38722

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
78	633	642	21	60
80	455	514	43	132
82	325	359	113	213
84	210	254	162	308
86	113	153	301	407
88	40	114	428	532
90	21	51	609	705

Estimated volume total, Calls 50 Puts 0
Previous day's open int. Calls 1330 Puts 1020

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Aug	Calls-settlements Sep	Puts-settlements Aug	Puts-settlements Sep
17000	1250	1270	0	20
17500	750	827	0	77
18000	255	467	5	217
18500	6	221	256	471
19000	0	86	750	836
19500	0	27	1250	1277
20000	0	7	1750	1757

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 19 Puts 132

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6232	0.6245	0.6231	0.6306
Dec	0.6303	0.6316	0.6298	0.6380
Mar	0.6375	0.6378	0.6360	0.6448
Jun	0.6465	0.6465	0.6460	0.6527

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	259.75	261.90	259.10	261.95
Dec	262.20	264.25	261.70	264.40
Mar	265.00	267.10	265.00	267.00
Dec	267.30	269.30	267.50	269.20

MONEY MARKETS

UK rates higher

INTEREST RATES were firmer in London yesterday as the pound lost ground against the dollar. The key three-month interbank rate rose to 11⅝-11½ p.c. from 11⁷⁄₁₆-11⁵⁄₁₆ p.c. The one year rate was also quoted at 11⅝-11½ p.c., underlining the market's uncertainty about longer term interest rate trends.

Dealers suggested that most investors are marking time, ahead of Thursday's release of UK trade figures for July.

Overnight interbank money opened at 9⅞-9⅝ p.c. and moved up to 10¼ p.c. before slipping back to 9¼ p.c. However late demand pushed rates up to 12 p.c.

The Bank of England forecast a shortage of around £250m, with factors affecting the market including repayment of any late assistance and bills maturing in official hands, together with a take up of Treasury bills draining £247m, and Exchequer transactions accounting for a further £440m. These were partly offset by a fall in the note circulation of £405m, and banks' balances brought forward £15m above target.

The forecast was revised to a shortage of around £350m, and the Bank gave assistance in the morning of £218m through outright purchases of £36m of eligible bank bills in band 3 and £182m in band 4, all at 10⅞ p.c. Further help was given in the afternoon of £99m, and this comprised purchases of £45m of eligible bank bills in band 3 and £54m in band 4, all at 10⅞ p.c. Late help came to £10m, making a total of £327m.

Interest rates in Frankfurt were slightly firmer as traders awaited the terms of today's sale and repurchase tender. Commercial banks' deposits with the central bank dropped sharply at the end of last week, coinciding with end of month corporate tax payments, and this tended to push rates higher.

Dealers were also concerned by the D-Mark's continued weakness against the dollar, and some suggested that this week's meeting of the Bundesbank central council - the first after the summer break - could herald a further rise in key interest rates. The repurchase rate - currently at 4.25 p.c. - could be increased to 4.5 p.c., dealers argued, but this would still be less than the average rate for call money over the past month, which has hovered just below the emergency Lombard financing rate of 5 p.c.

UK clearing bank base lending rate 11 per cent from August 9

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.22) 3 months US dollars		6 months US Dollars	
bid 8⅝	offer 8¾	bid	offer

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9⅞-⅝
Fed.funds	8⅛-⅛
Fed.funds at intervention	-

Treasury Bills and Bonds: One month, Two month, Three month, Six month, One year, Two year.

Aug.22	Overnight	One Month	Two Months
Frankfurt	4.85-4.95	5.00-5.15	5.10-5.20
Paris	7⅛-7⅛	7⅛-7½	7⅛-7⅜
Zurich	1⅝-1⅞	2⅞-3⅛	-
Amsterdam	1½-2½	5⅛-5⅛	-
Tokyo	3.78125	3.78125	-
Milan	10-10½	10¾-11¼	-
Brussels	4.25	6⅞-6⅞	-
Dublin	7-7⅛	7⅛-7½	7⅛-7⅜

LONDON MONEY RATES

Aug.22	Overnight	7 days notice	One Month
Interbank Offer	12	10⅛	10⅞
Interbank Bid	9¼	9⅞	10⅞
Sterling CDs	-	-	10⅞
Local Authority Deps.	9¼	10	10⅞
Local Authority Bonds	-	-	11
Discount Mkt Deps.	11	10	10⅞
Company Deposits	-	-	10⅞
Finance House Deposits	-	-	10⅞
Treasury Bills (Buy)	-	-	10⅞
Bank Bills (Buy)	-	-	10⅞
Fine Trade Bills (Buy)	-	-	11⅞
Dollar CDs	-	-	8.25-8.20
SDR Linked Dep.Offer	-	-	7⅛
SDR Linked Dep Bid	-	-	6⅞
ECU Linked Dep Offer	-	-	7¼
ECU Linked Dep Bid	-	-	7⅛

Treasury Bills (sell); one-month 10½ per cent; three months 10⅞ per cent; Bank Bills (sell); one-month 10⅞ per cent; three months 10⅞ per cent; Treasury Bills; Average tender rate of discount 10.7308 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 29, 1988. Agreed rates for period August 24, 1988 to September 25, 1988, Scheme I: 11.49 p.c. Schemes II & III: 11.86 p.c. Reference rate for period July 1, 1988 to July 29, 1988, Scheme IV&V: 10.511 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 from August 1, 1988: Bank Deposit Rates for sums at seven days' notice 3.25 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
NAT.NED. P	Fl. 75	25	13.50 B	-	-	-	-	Fl. 62
PHILIPS C	Fl. 35	292	0.80	73	1.90	4	2.90	Fl. 32.90
PHILIPS P	Fl. 40	-	-	-	-	28	8.20 B	Fl. 32.90
ROYAL DUTCH C	Fl. 240	102	4	17	8 A	6	11	Fl. 235.80
ROYAL DUTCH P	Fl. 220	360	2.20	15	5.20	5	6.20	Fl. 235.80
UNILEVER C	Fl. 120	146	2.70 B	53	5.70	5	7.80	Fl. 113.70
UNILEVER P	Fl. 120	-	-	34	11	-	-	Fl. 113.70
WESSANEN P	Fl. 75	20	3	25	3.20	-	-	Fl. 77.50

TOTAL VOLUME IN CONTRACTS : 21,066

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	City Merchants Bank	11	NatWestminster	11
Adam & Company	11	Clydesdale Bank	11	Northern Bank Ltd	11
AAB - Allied Arab Bk	11	Comm.Bk.N.East	11	Norwich Gen. Trust	11
Allied Irish Bank	11	Co-operative Bank	*11	PRIVATbanken Limited	11
Henry Ansbacher	11	Coutts & Co	11	Provincial Bank PLC	12
ANZ Banking Group	11	Cyprus Popular Bk	11	R. Raphael & Sons	11
Associates Cap Corp	10	Dunbar Bank PLC	11	Roxburghe G'rantee	11½
Authority Bank	11	Duncan Lawrie	11	Royal Bk of Scotland	11
B & C Merchant Bank	11	Equatorial Bank plc	11	Royal Trust Bank	11
Banco de Bilbao	11	Exeter Trust Ltd	11½	● Smith & Williamson Secs.	11
Bank Hapoalim	11	Financial & Gen. Sec	11	Standard Chartered	11
Bank Leumi (UK)	11	First National Bank Plc.	11½	TSB	11
Bank Credit & Comm	11	● Robert Fleming & Co.	11	UDT Mortgage Exp	§11.45
Bank of Cyprus	11	Robert Fraser & Ptnrs.	12	United Bk of Kuwait	11
Bank of Ireland	11	Girobank	11	United Mizrahi Bank	11
Bank of India	11	● Guinness Mahon	11	Unity Trust Bank Plc	11
Bank of Scotland	11	HFC Bank plc	11	Western Trust	11
Banque Belge Ltd	11	● Hambros Bank	11	Westpac Bank Corp.	11
Barclays Bank	11	Heritable & Gen Inv Bk	11	Whiteaway Laidlaw	11½
Benchmark Bank PLC	11	● Hill Samuel	§11	Yorkshire Bank	11
Berliner Bank AG	11	C. Hoare & Co.	11		
Brit Bk of Mid East	11	Hongkong & Shangh	11		
● Brown Shipley	11	● Leopold Joseph & Sons	11		
Business Mtge Tst	11	Lloyds Bank	11		
CL Bank Nederland	11	Meghraj Bank Ltd	11		
Central Capital	11	Midland Bank	11		
● Charterhouse Bank	11	Mount Bnkg Corp.	11		
Citibank NA	11	Nat Bk. of Kuwait	11		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38% Savewise 7.16%. Top Tier-£10,000+ instant access 9.0% ‡ Mortgage base rate. § Demand deposit 6%. Mortgage 10.875% - 11.25%

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

JOTTER PAD

CROSSWORD

No. 6,715 Set by DANTE

ACROSS

1 The sort of hat one may have to eat? (4-3)
5 Mollify with sausage and mash (7)
9 One involved in change of *location for film* (5)
10 It's in the middle, on the level (3,6)
11 One step up from the gutter (9)
12 Actress's dress ring (5)
13 Proverbially hard on one's toes? (5)
15 Tying up in port (9)
18 Cattle surrounded by wild mares – dangerous animals (3-6)
19 Being unqualified, she shows some hesitation (5)
21 Private coach? (5)
23 Under sail, perhaps, they may look after the sheets (9)
25 It's the gap formed at the M6/M5 junction (9)
26 Lofty, but not upright (5)
27 England's openers risk not getting a hundred and improve (7)
28 So "Tripe!" is silly retort (7)

DOWN

1 Fruitful source of fairy-tale transport (7)
2 One river's turbulent ebb (9)
3 A medium iron (5)
4 Vanish with girl quietly, so to speak (9)
5 Accept a proposal in Gretna Green (5)
6 Urgent SOS comes from swimmers in distress (9)
7 A shade of caution (5)
8 Regards unrefined mineral as a blot on the landscape (7)
14 *Has cure in preparation* – for the bather who steps on it? (3-6)
16 French dresser (9)
17 They're a blend of the main races (9)
18 Miss tea when involved in painting (7)
20 Balance to settle around mid-January (7)
22 Act as a paid informer (5)
23 In decimal it represents 1¾ pints (5)
24 Discover and *get rid of* weeds, perhaps (3,2)

Solution to Puzzle No.6,714

PARABOLA SPIGOT
R E A A P I O H
ANGER ROOTCAUSE
N I G C S T R O
CASTANETS UNDER
E T I N E R I
BRANDY TRELLIS
R A B O U E
EARLAPS OFFICE
M S A R H R S
ISSUE ITINERANT
N I M L G A T A
DESDEMONA LAITY
E A N R M T V I
RELATE EIGHTEEN

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

هكذا امنة الأصل

FT UNIT TRUST INFORMATION SERVICE

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Swiss Life Pen Tst Man Co Ltd (1000)H						
99-101 London Rd, Sevenoaks 0732 450161						
Equity Dist	5	330.1	336.0	355.6	-1.0	2.94
Equity Acc	5	425.6	431.3	456.4	-1.3	2.94
Fixed Int Dist	5	116.7	118.7	123.0	+0.1	9.09
Fixed Int Acc	5	206.9	210.5	218.1	+0.2	9.09
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants, SP10 1RE 0264 63434						
TSB American	5	96.76	96.76	102.88	+0.56	1.94
Do Accum	5	103.85	103.85	110.42	+0.48	1.94
TSB Brit Growth	5	55.05	55.05	58.56	-0.13	2.99
Do Accum	5	56.83	56.83	60.46	-0.13	2.99
TSB European	5	48.32	48.32	51.40	[illegible]	1.20
Do Accum	5	49.64	49.64	52.81	-0.05	1.20
TSB Extra Income	5	146.92	147.94	157.33	+0.08	5.73
Do Accum	5	189.64	190.95	203.08	+0.10	5.73
TSB Smaller Cos	5	56.96	56.99	60.63	+0.18	1.13
Do Accum	5	55.92	57.50	61.25	+0.18	1.13
TSB General	5	177.17	177.17	188.48	-0.96	3.33
Do Accum	5	306.67	306.67	326.24	-1.68	3.33
TSB Gilt & Fxd Int	3½	47.39	47.39	49.01	+0.16	8.99
Do Accum	3½	71.55	71.55	74.00	+0.24	8.99
TSB Income	5	264.10	266.32	282.20	-0.25	4.66
Do Accum	5	441.44	443.46	471.71	-0.37	4.66
TSB Pacific	5	210.97	210.97	224.44	-0.26	0.31
Do Accum	5	219.35	219.35	233.35	-0.27	0.31
TSB International	5	322.27	322.27	344.08	+0.67	0.95
Do Accum	5	405.39	405.39	432.82	+0.84	0.95
TSB Nat Resources	5	63.56	63.56	67.62	-0.20	1.35
Do Accum	5	66.81	66.81	71.07	-0.20	1.35
TSB Sictd Opps	5	82.08	82.08	87.32	+0.12	2.29
Do Accum	5	92.52	92.52	98.43	+0.15	2.29
3i Unit Trust Managers Ltd (1000)F						
31 Homer Rd, Solihull, B91 3QA 01-928 3306						
Small Co's	5	50.67	50.67	53.47	—	—
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin: 0296 394000 Dealing: 01-379 0860.						
American Eagle	5	61.58	61.58	65.89	+0.03	0.90
Australia	5	8.422	8.430	9.020	+0.38	0.10
Commodity	5	80.93	80.95	87.19	+0.89	0.57
Convertible	5	147.4	147.4xd	158.9	-0.7	4.81
Equity	5	150.7	150.7	162.0	-0.7	3.22
Euro Spec Sits	5	77.41	77.41	83.22	-0.04	1.64
Financial	5	31.38	31.38	33.90	-0.04	2.01

	Bid Price	Offer Price	+ or −	Yield Gross
MIM Ltd				
Magd Pens (Acc)	155.0	98.61	+0.2	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Aug 17	38.6	40.1	—	2.27
Euro Expt Aug 17	38.4	40.3	—	2.3
Fixed Int Ex Aug 17	49.2	51.6	—	9.43
Japan Expt Aug 17	53.0	55.2	—	0.55
Managed Ex Aug 18	38.8	41.1	—	4.35
SE Asia Expt Aug 17	38.4	40.3	—	2.22
Sm Cos Expt Aug 17	45.0	47.2	—	2.54
UK Eqty Ex Aug 17	36.0	37.8	—	3.81
New Court Property Fund Managers				
NC Property	189.5	199.5	—	—
Phillips & Drew Fnd Management Ltd				
PDFM Small Co Fd(2)	812.0	862.0	—	3.50
Do Accum	838.0	890.0	—	3.50
PDFM Int Expt Aug 18	129.2	125.2	—	2.65
J. Rothschild Fund Managers Ltd				
Intl Exempt	93.29	94.40	—	3.00

INSURANCES

	Bid Price	Offer Price	+ or −	Yield Gross
AA Friendly Society				
(Investment Mngt. N & S Inv Mngt Ltd)				
AA Friendly Sy Aug 12	—	140.91	—	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	251.2	264.5	—	—
Equity Ser. 1	115.8	121.9	-0.3	—
Prop. Acc. Ser 2	363.7	382.9	—	—
Equity Ser 2	131.5	138.5	-0.2	—
Selective Acc.	288.8	304.1	+0.2	—
Prop. Ser. 4	284.9	299.9	—	—
Equity Ser. 4	133.8	140.9	-0.1	—
Fixed Int. Ser. 4	214.1	225.4	+2.3	—
Indexed Int. Ser. 4	121.6	128.1	+0.5	—

OTHER UK UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or -	Yield Gross
Life Assurance Funds				
Wealth Assd	391.6	412.3	+2.1	-
Eb'r Ph. Eq.	347.0	369.3	—	-
Pension Plan Funds				
Phoenix				
UK Equity Acc.	172.4	181.4	-0.2	-
International Acc.	141.4	148.8	-0.1	-
Property Acc.	143.1	150.6	+0.1	-
Fixed Interest Acc.	155.4	163.5	+0.2	-
Money Acc.	142.9	150.4	+0.1	-
Bldg. Soc. Link Acc.	139.8	147.1	+0.1	-
Special Mnged Acc. Q.	154.1	162.2	-0.1	-
Phoenix/Framlington				
Intnl. Growth Acc.	89.00	93.60	+0.50	-
Am. Smllr. Cos. Acc.	87.40	91.90	+0.80	-
Capital Tst. Acc.	179.9	189.3	.....	-
Japan & Gen Acc.	199.7	210.2	+1.1	-
American Tsm. Acc.	94.80	99.70	+2.00	-
Recovery Tst. Acc.	182.6	192.2	+0.7	-
Special Mngd Acc.	152.0	160.0	+0.5	-
Phoenix/GT				
International Acc.	133.9	140.9	+0.3	-
US & General Acc.	86.70	91.20	+0.50	-
Amer Spec Sits Acc.	65.50	63.90	+0.80	-
Japan & General Acc.	198.6	209.0	+0.5	-
Far East & Gen. Acc.	146.6	154.3	+0.6	-
UK Capital Acc.	182.6	192.2	-0.1	-
European Acc.	141.2	148.6	.....	-
Special Mngd. Acc.	131.1	137.9	+0.1	-

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	266.9	281.0	....	-
Man Pens Inc & Cap Fds	340.9	358.9	.....	-
Money Fund	113.7	119.7	.....	-
Pens. Mngd Fd (Unit)	90.0	94.8	.....	-
Pens Mngd Fd (Acc)	104.0	109.5	.....	-
Pens FT30 Fd (Unit)	127.6	134.4	.....	-
Pens FT30 Fd (Acc)	147.4	155.2	.....	-
Pens O'seas MgFd(Unit)	59.5	62.7	.....	-
Pens O'seas MgFd(Acc)	68.8	72.5	.....	-
Pens Fxd Int Fd (Unit)	107.3	113.0	.....	-
Pens Fxd Int Fd (Acc)	123.9	130.5	.....	-
Pens Deposit Fd (Unit)	101.6	107.0	.....	-
Pens Deposit Fd (Acc)	117.4	123.6	.....	-

Premium Life Assurance Co Ltd

[illegible]

Provident Mutual Life Assc. Assn.
William Rd, Hitchin, Herts SG4 0LP 0438 739[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord.	290.2	305.5	-0.5	[illegible]
Managed Init.	239.6	252.2	-0.5	[illegible]
Equity Ord.	416.2	438.1	-1.6	[illegible]
Equity Init.	343.6	361.7	-1.5	[illegible]
Index Linked Gilt Ord.	122.9	129.4	+0.2	[illegible]
Index Linked Gilt Init.	106.0	111.6	+0.2	[illegible]
Overseas Equity Ord.	254.8	268.2	+0.4	[illegible]
Overseas Equity Init.	210.4	221.5	+0.3	[illegible]
Property Ord.	168.6	177.5	-	[illegible]
Property Init.	139.2	146.5	-	[illegible]
Fixed Interest Ord.	169.7	178.6	-	[illegible]
Fixed Interest Init.	140.1	147.5	-	[illegible]
Deposit Ord.	135.3	142.4	+0.1	[illegible]
Deposit Init.	111.7	117.6	-	[illegible]
Pension Funds				
Managed Ord.	351.7	370.2	-0.7	[illegible]
Managed Init.	290.3	305.6	-0.7	[illegible]
Equity Ord.	525.2	552.8	-2.5	[illegible]
Equity Init.	433.6	456.4	-2.2	[illegible]
Pen Ind Lkd Gilt Ord.	132.4	139.4	+0.2	[illegible]
Pen Ind Lkd Gilt Init.	114.2	120.2	+0.2	[illegible]
Overseas Equity Ord.	288.5	303.7	+0.6	[illegible]
Overseas Equity Init.	238.2	250.7	+0.4	[illegible]
Property Ord.	196.7	207.1	+0.2	[illegible]
Property Init.	162.4	170.9	-	[illegible]
Fixed Interest Ord.	192.1	202.2	-	[illegible]
Fixed Interest Init.	158.6	166.9	-	[illegible]
Deposit Ord.	168.7	177.6	+0.2	[illegible]
Deposit Init.	139.2	146.5	-	[illegible]

For Provincial Life Ass Co Ltd see Prolific Life & Pensions Ltd

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Profund				
Managed Aug 17	206.3	214.9	...	[illegible]

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Holborn Series I Life Funds				
Managed	447.9	471.5	-0.1	[illegible]
Equity	907.5	955.3	-1.2	[illegible]
Fixed Interest	372.4	392.0	+0.4	[illegible]
Property	348.5	366.7	....	[illegible]
Cash	244.7	257.6	+0.2	[illegible]
International	305.3	321.4	+0.6	[illegible]
Holborn Series II Life Funds				

[illegible]

Prolific Life & Pensions Ltd

[illegible]

Property Equity & Life Ass. Co.

[illegible]

Property Growth Assur Co Ltd

[illegible]

Providence Capital Life Ass. Co. Ltd

[illegible]

Provident Life Assoc Ltd

[illegible]

Prudential Holborn Pensions Ltd

[illegible]

Prudential Pensions Limited

[illegible]

Regency Life Assurance Co Ltd

[illegible]

Reliance Mutual

[illegible]

Royal Heritage Life Assurance Ltd

[illegible]

Royal Life Insurance Ltd

[illegible]

Royal Liver Assurance

[illegible]

Save & Prosper Group

[illegible]

Scottish Amicable

[illegible]

Scottish Equitable Life Assc. Soc.

[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance Society

[illegible]

Scottish Mutual Investments

[illegible]

Scottish Provident Institution

[illegible]

Scottish Widows' Group

[illegible]

Shield Assurance Ltd

[illegible]

Skandia Life Assurance Co Ltd

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Insurance Group

[illegible]

Sun Life of Canada (UK) Ltd

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life Pensions Ltd

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co. Ltd.

[illegible]

Teachers' Assurance Company Ltd

[illegible]

Tunbridge Wells Equitable

[illegible]

UK Life Assurance Co Ltd

[illegible]

Wesleyan & General Assurance Soc

[illegible]

Windsor Life Assur Co Ltd

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

UK LISTED

[illegible]

OFFSHORE INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99⅜	89⅛	Redemption 3pc 1986–96	99¼	......	3.02	9.45
100¼	99⅛	Treas. 9½pc '88	99⅜	......	9.53	11.11
102⅛	100⅛	Treas 11½pc 1989	100¼	–⅛	11.48	11.07
101½	99⅛	Treas 9½pc Cnv 1989	99⅛	–⅛	9.59	10.93
97¼	95⅛	Treas 3pc 1989	96⅛	–⅛	3.12	8.37
102⅛	99⅛	Treas 10½pc 1989	99⅛	–⅛	10.54	10.91
102	99⅛	Exch. 10pc 1989	99⅛	–⅛	10.08	10.88
103⅛	100⅛	Exch 11pc 1989	100⅛	–⅛	10.99	10.87
97⅛	95⅛	Treas 5pc 1986–89	95⅛	–⅛	5.26	9.67
104⅛	99¾	Exch 10¼pcCv '89	99⅛	–⅛	10.27	10.32
107½	103	Treas 13pc 1990‡‡	103⅛	–⅛	12.60	10.40
104¾	100⅛	Exch 11pc 1990‡‡	100¾	–⅛	10.92	10.37
107⅛	102¼	Exch. 12½pc 1990	102⅛xd	–¼	12.15	10.53
93⅛	91⅛	Treas. 3pc 1990	91⅛	–⅛	3.30	8.79
99⅞	96⅛	Treas 8¼pc 1987–90‡‡	96⅛	–⅛	8.54	10.33
102⅛	97⅛	Treas. 8pc Cv 1990 ‡‡	97⅛	–⅛	8.20	9.39
103⅛	98⅞	Treas. 10pcCv 1990	99⅛	–⅛	10.09	10.46
91⅛	88⅛	Exch 2½pc 1990	88⅛	–⅛	2.82	8.16
107⅛	102⅛	Treas 11¾pc 1991	102⅛	–⅛	11.45	10.43
95⅛	91⅛	Funding 5¾pc '87–91‡‡	91⅛	–⅛	6.30	9.61
90⅛	87⅛	Treas. 3pc 1991	87⅛	–⅛	3.44	8.33
105⅛	99⅛	Treas 10pc Cv '91 ‡‡	99⅛	–⅛	10.00	9.98
107⅛	101⅛	Exch. 11pc 1991	101⅛	–⅛	10.81	10.32
98⅛	93⅛	Treas. 8pc 1991	93⅛	–⅛	8.54	10.29
113⅛	106⅛	Treas 12¾pc 1992‡‡	107⅛	–⅛	11.92	10.25
104⅛	99⅛	Treas 10pc 1992	99⅛	–⅛	10.06	10.20
98⅛	93⅛	Treas. 8pc 1992 ‡‡	93⅛	–⅛	8.57	10.23
106⅛	100½	Treas 10½pc Cv 1992‡‡	100⅛	–⅛	10.43	10.25
86⅛	83⅛	Treas. 3pc 1992	83½	–⅛	3.60	8.15
112⅛	106⅛	Exch. 12¼pc '92	106¼xd	–⅛	11.55	10.34
117⅛	110⅛	Exch 13½pc 1992	110⅛xd	–⅛	12.25	10.37
97⅛	92¾	Treas 8¼pc 1993	93	–⅛	8.88	10.24
105⅛	99⅛	Treas 10pc 1993‡‡	99⅛	–⅛	10.08	10.20
115⅛	108⅛	Treas 12½pc 1993‡‡	108⅛	–⅛	11.51	10.21
Five to Fifteen Years						
93⅛	89⅛	Funding 6pc 1993‡‡	89⅛xd	–⅛	6.72	8.67
121⅛	113⅛	Treas 13¾pc 1993‡‡	113⅛	–⅛	12.10	10.30
101⅛	92⅛	Treas. 8½pc 1994	93⅛	–⅛	9.15	10.21
44⅛	42⅛	Tr 8½pc 1994 "A" (50% pd)	43⅛	–⅛	9.15	10.24
125⅛	117⅛	Treas 14½pc 1994‡‡	117⅛xd	–⅛	12.31	10.21
120⅛	113⅛	Exch 13½pc 1994	113⅛	–⅛	11.91	10.33
105⅛	99⅛	Treas. 10pc Ln. 1994‡‡	99½	–⅛	10.06	10.12
116⅛	109⅛	Exch. 12½pc 1994	109⅛	–⅛	11.40	10.30
101⅛	95⅛	Treas 9pc 1994‡‡	95⅛	–⅛	9.44	10.01
114⅛	107⅛	Treas 12pc 1995	108⅛	–⅛	11.12	10.26
83½	78½	Exch 3pc Gas 90–95	82⅛	......	3.65	6.31
106⅛	100⅛	Exch. 10¼pc 1995	100⅛	–⅛	10.19	10.12
120⅛	112⅛	Treas 12¾pc 1995‡‡	113⅛	–⅛	11.30	10.18
126⅛	118⅛	Treas. 14pc '96	118⅛	–⅛	11.80	10.31
101⅛	95⅛	Treas.9pc 1992–96‡‡	95⅛xd	–⅛	9.44	9.89
133⅛	125⅛	Treas 15¼pc 1996‡‡	126⅛	–⅛	12.11	10.27
123⅛	115⅛	Exch 13¼pc 1996‡‡	116⅛	–⅛	11.41	10.17
105⅛	98⅛	Conversion 10pc 1996	99⅛	–⅛	10.06	10.09
124⅛	116⅛	Treas 13¼pc 1997‡‡	117⅛	–⅛	11.31	10.15
108⅛	101½	Exch 10pc 1997	102⅛	–⅛	10.27	10.08
98⅛	92	Treas 8¾pc 1997‡‡	93⅛xd	–⅛	9.39	9.91
134⅛	127	Exch 15pc 1997	127⅛	–⅛	11.79	10.32
104	97⅛	Exch. 9¾pc 1998	98⅛	–⅛	9.91	10.01
87⅛	81⅛	Treas 6¾pc 1995–98‡‡	83⅛	–⅛	8.13	9.45
140⅛	132⅛	Treas. 15½pc '98‡‡	132⅛	–⅛	11.68	10.21
118⅛	111⅛	Exch. 12pc 1998	111⅛	–⅛	10.74	10.11
103⅛	96⅛	Treas 9½pc 1999‡‡	98⅛	–⅛	9.69	9.79
120⅛	113⅛	Exch. 12¼pc 1999	113⅛xd	–⅛	10.76	10.09
109⅛	102⅛	Treas. 10½pc 1999	103⅛	–⅛	10.16	9.98
107⅛	100⅛	Conversion 10¼pc 1999	102⅛	–⅛	10.06	9.96
100⅛	86⅛	Treas. 8½pc Ln 2000‡‡	93⅛	–⅛	9.28	9.72
99⅛	93⅛	Conversion 9pc 2000‡‡	95⅛xd	–⅛	9.48	9.74
126⅛	119	Treas. 13pc 2000	119⅛	–⅛	10.85	10.10
106⅛	99⅛	Treas 10pc 2001	101⅛xd	–⅛	9.88	9.82
129⅛	122⅛	Treas. 14pc '98–01	122⅛	–⅛	11.42	10.27
104⅛	98⅛	Conversion 9¾pc 2001	99⅛	–⅛	9.77	9.77
118⅛	111⅛	Exch. 12pc '99–02	111⅛	–⅛	10.79	10.12
107⅛	100⅛	Conversion 10pc 2002	101⅛	–⅛	9.82	9.75
105⅛	98⅛	Treas 9¾pc 2002	100⅛xd	–⅛	9.73	9.72
99⅛	93⅛	Exch. 9pc 2002	95	–⅛	9.48	9.66
131⅛	123⅛	Treas. 13¾pc 2000–03	124⅛	–⅛	11.03	10.13
Over Fifteen Years						
108	100⅛	Treas 10pc 2003	102¼xd	–⅛	9.74	9.65
117⅛	109⅛	Treas. 11½pc 2001–04	111⅛xd	–⅛	10.34	9.91
108⅛	100⅛	Treas. 10pc 2004	103⅛	–⅛	9.69	9.59
59⅛	54⅛	Funding 3½pc '99–04	58⅛	–⅛	6.02	8.27
104⅛	97⅛	Conversion 9½pc 2004	99⅛	–⅛	9.52	9.52
104⅛	97⅛	Conversion 9½pc 2005	100⅛	–⅛	9.50	9.49
113⅛	105⅛	Exch.10½pc 2005	108½xd	–⅛	9.68	9.49
128⅛	119⅛	Treas. 12½pc 2003–05	121⅛	–⅛	10.28	9.74
92⅛	85⅛	Treas. 8pc 2002–06‡‡	88⅛	–⅛	9.08	9.37
106⅛	99⅛	Conversion 9¾pc 2006	102⅛	–⅛	9.50	9.43
121⅛	113⅛	Treas. 11¾pc 2003–07	115⅛	–⅛	10.18	9.72
97⅛	89⅛	Treas 8½pc 2007 ‡‡	93⅛	–⅛	9.12	9.26
137⅛	128⅛	Treas. 13½pc '04–08	130⅛xd	–⅛	10.36	9.69
101⅛	94⅛	Treas. 9pc 2008 ‡‡	97⅛	–⅛	9.20	9.24
92⅛	85	Treas 8pc 2009	88⅛xd	–⅛	9.00	9.20
101⅛	93⅛	Conv 9pc Ln 2011 ‡‡	98½	–⅛	9.15	9.17
68⅛	62⅛	Treas. 5½pc 2008–12‡‡	66⅛xd	......	8.31	8.94
89⅛	82⅛	Treas. 7¾pc 2012–15‡‡	86⅛	......	8.97	9.12
130⅛	121⅛	Exch. 12pc '13–'17	126⅛	–⅛	9.45	9.22

BRITISH FUNDS—Contd

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
Undated						
44⅛	41⅛	Consols 4pc	43⅛	–⅛	9.21	–
39⅛	37⅛	War Loan 3½pc‡‡	38⅛	–⅛	9.05	–
53⅛	48⅛	Conv. 3½pc '61 Aft.	52⅛	–⅛	6.62	–
33⅛	30⅛	Treas. 3pc '66 Aft.	32⅛	–⅛	9.27	–
28⅛	26⅛	Consols 2½pc	27⅛	–⅛	9.15	–
28⅛	26⅛	Treas. 2½pc	27⅛	–⅛	9.15	–
Index-Linked						
		(b)			(1)	(2)
121⅛	117½	Treas 2pc IL '90(84.6)	121⅛	......	0.68	2.64
103⅛	99⅛	Do. 2pc '92‡‡(97.8)	102⅛xd	......	2.26	3.04
96⅛	94¼	Do. 2 '94 (102.9)	94⅛	......	2.75	3.24
139¼	127⅛	Do. 2pc '96(67.9)	138⅛xd	......	2.95	3.31
114⅛	103⅛	Do 2½pc '01(78.3)	113⅛xd	–¼	3.62	3.87
111⅛	101⅛	Do. 2½pc '03(78.8)	111⅛	–¼	3.68	3.90
114	102⅛	Do. 2pc '06(69.5)	112⅛	–1⅛	3.72	3.91
105⅛	95⅛	Do. 2½pc '09(78.8)	105⅛	–⅛	3.74	3.91
109⅛	99⅛	Do. 2½pc '11(74.6)	109⅛xd	–⅛	3.74	3.91
91⅛	82⅛	Do. 2½pc '13(89.2)	91	–⅛	3.71	3.86
98⅛	88⅛	Do. 2½pc '16(81.6)	98⅛	–⅛	3.68	3.83
96⅛	87⅛	Do. 2½pc '20(83.0)	95⅛	–⅛	3.64	3.77
81⅛	73	Do. 2½pc '24‡‡(97.7)	80⅛	–⅛	3.61	3.73

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1987:103.3 and for July 1988:106.7

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
109⅛	100⅛	African Dv Bk 11¼ Ln 2010	104⅛	–⅛	10.68	10.61
104⅛	96⅛	Asian Dev Bk 10¼pcLn2009	100⅛	–⅛	10.24	10.23
129⅛	120⅛	Australia 13½pc 2010	125⅛	–⅛	10.79	10.54
112⅛	103⅛	Do. 11¾pcLn2015	108⅛	–⅛	10.51	10.45
110⅛	103⅛	Euro Inv Bk 11pc Ln 2002	105½	–⅛	10.43	10.24
105⅛	98⅛	Do. 10¼pc2004	101	–⅛	10.27	10.24
120¼	112⅛	Int-Am Dev Bk 12½pc 2003	115⅛	–⅛	10.79	10.34
98⅛	91⅛	Do. 9½pcLn 2015	95⅛	–⅛	10.23	10.26
96½	86	Mlysia 10¼pcLn 2009	95⅛xd	......	11.23	11.28
111⅛	87⅛	Utd. Mexican States 16½pc 2008	110⅛xd	–⅛	14.91	14.82

CORPORATION LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
111	103½	Birmingham 13½pc 1989	103½xd	......	13.04	9.48
115½	101⅛	Do. 11½pc 2012	103½xd	......	11.11	11.10
94⅛	87	GLC 6¾pc 1990–92	88½xd	......	7.63	10.80
130	119½	Leeds 13½pc 2006	122½	......	11.02	10.76
34	26¼	Liverpool 3½pc Irred.	33xd	......	10.61	–
97	91	LCC 6¾pc '88–90	93½xd	......	7.22	10.40
31	25	Do. 3pc '20 Aft.	30xd	......	10.00	–
112	100	Manchester 11½pc 2007	109½xd	......	10.50	10.40

COMMONWEALTH & AFRICAN LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93¼	88	NZ 7¼pc 1988–92	88½	......	8.19	10.90
207	197	S Rhod 2½pc Non-Asstd.	206	......	–	–
80	71½	Do. 4½pc 87–92 Asstd.	80	......	5.63	–
130	42	Zimbabwe Ann (£100pa)	47xd	......	–	–

LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
Building Societies						
100⅛	99⅛	N'wide 10⅛pc 12.9.88	99⅛	......	10.82	11.36
100⅛	99⅛	Do. 10⅛pc 26.9.88	99⅛	......	10.64	11.46
100⅛	99⅛	Do. 10⅛pc 31.10.88	99⅛	......	10.23	11.73
100⅛	99⅛	Do. 9¼pc 28.11.88	99¼xd	......	9.32	11.72
100⅛	99⅛	Do. 9¾pc 28.12.88	99⅛	......	9.82	11.65
100⅛	99⅛	Do. 9⅛pc 23.1.89	99⅛xd	......	9.83	11.63
100⅛	99⅛	Do. 9⅛pc 20.2.89	99⅛	......	10.02	11.62
100⅛	98⅛	Do. 9⅛pc 13.3.89	99⅛	......	10.07	11.66
100⅛	98⅛	Do. 9⅛pc 17.4.89	99⅛	......	9.34	11.60
100⅛	98⅛	Do. 9½pc 8.5.89	98⅛	......	9.65	11.70
100	97⅛	Do. 8⅛pc 30.5.89	97⅛	......	9.13	11.71
100	93⅛	Do. 9⅛pc 26.6.89	98⅛	......	9.97	11.72
		Do. 10⅛pc 17.7.89	99⅛	–⅛		
100	87⅛	Do. 3¾pcIL Ln 2021	93⅛	+⅛	4.58	4.66
Public Board and Ind.						
96	90	Agric. Mt. 5pc '59–89	95xd	......	5.26	8.51
48½	40	Met. Wtr. 3pc 'B'	47xd	......	6.38	9.83
Financial						
105	100¼	3i 11⅛pc Un Ln '90	100½	–⅛	11.69	11.23
95½	88	Do 7¼pcADb89–92	88⅛xd	–⅛	8.23	10.71
110	103⅛	Do. 12½pc Un. Ln. 1992	104⅛	–⅛	12.00	11.04
93½	84⅛	Do. 7¼pc A 1991–94	84⅛	–⅛	8.55	10.70
101¼	91⅛	Do. 9pc A 1991–94	93⅛	–⅛	9609	10.39
100	90⅛	Do. 8¾pc Ln 1992–97	90⅛xd	–⅛	9.32	10.64

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass	45	......	3.50	f7.78
45	33	Do. 6pc 28 Stb. Ass.	45xd	......	3	f6.67
45	33	Do 4pc Mixed Ass.	45xd	......	2	f4.44
75	63	Hung. '24 Ass.	75	......	2.75	f3.67
140⅛	128⅛	Hydro Quebec 15pc 2011	134⅛	–⅛	15.00	10.83
128¼	118⅛	Iceland 14½pc Ln 2016	127⅛	–⅛	14.50	11.22
101¼	96½	Ireland 9¾pc '91–96	96½xd	......	9.75	10.40

AMERICANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29⅛	22⅛	Abbott Laboratories	26⅛xd	+⅛	$1.20	–	2.6
649p	405p	♦Allegheny & W 1c	434p	.....	30c	–	4.1
14⅛	862p	Amax $1	13⅛	+⅛	Q20c	–	0.9
31⅛	16⅛	Amdahl 5c	25⅛xd	.....	20c	–	0.5
31⅛	22	Amer. Cyanamid $5	27⅛	+⅛	$1.20	–	2.6
17½	11⅛	Amer. Express 60c	17⅛xd	+⅛	76c	–	2.6
10⅛	668p	Amer. Medical Int. $1	956p	.....	♦72c	–	4.4
17⅛	13⅛	American T. & T. $1	14⅛	+⅛	$1.20	–	4.8
54⅛	44⅛	Ameritech $1	52⅛	+⅛	$5.40	–	6.0
27⅛	16½	Amfac ‖	27½	+⅛	–	–	–
18⅛	15⅛	Anheuser-Busch $1	17⅛	+⅛	60c	–	2.0
875p	360p	BankAmerica $1 &	850p	+7	–	–	–
22⅛	16⅛	Bankers N.Y. $1	22⅛	+⅛	$1.86	–	4.9
42⅛	34⅛	Bell Atlantic $1	40⅛	.....	$4.08	–	5.9
25⅛	19⅛	BellSouth Corp.	23⅛	.....	$2.36	–	5.9
15⅛	850p	♦Bethlehem Steel $8	12⅛	+⅛	–	–	–
13⅛	801p	Bio-Rad Labs. Inc. "A"	11⅛	.....	–	–	–
23⅛	15⅛	Bowater Inc.	16⅛xd	+⅛	92c	–	3.4
15⅛	11⅛	Browning-Ferris 16.6c	13⅛xd	+⅛	48c	–	2.0
13⅛	787p	Brunswick 75c	11⅛	–⅛	44c	–	2.2
28⅛	21⅛	CPC Intnl. 25c	28⅛	+⅛	$1.44	–	3.0
17⅛	13⅛	CSX $1	15⅛	.....	$1.24	–	4.8
16⅛	11½	CalFed Inc $1	13⅛	+⅛	$1.40	–	6.0
16⅛	12⅛	Campbell Soup 15c	16⅛xd	+⅛	84c	–	3.0
39⅛	31⅛	Caterpillar Inc $1	32⅛	.....	75c	–	1.3
17⅛	11⅛	Chase Manhattan $12½	17⅛xd	+⅛	$2.16	–	7.4
19⅛	11⅛	Chem. Banking Corpn.	19⅛	+⅛	$2.72	–	8.4
15⅛	11	Chrysler $6¼	13⅛xd	+⅛	$1.00	–	4.4
14⅛	9⅛	Citicorp $1	13⅛xd	+⅛	$1.48	–	6.3
297p	168p	CityFed Fin. Corp.	185p	+3	4c	–	1.3
27⅛	20⅛	Colgate-Palmolive $1	25xd	–⅛	$1.48	–	3.5
19⅛	13½	Cons Freightwys 62½c	18⅛	.....	98c	–	3.1
340p	134p	Cont'l Illinois Corp $1	333p	+10	8c	–	1.4
14p	7p	Cont Illinois Hldgs $1	7⅛p	.....	–	–	–
406p	117p	♦Corporate Data Scnce	365p	.....	–	–	–
510p	300p	Cullinet Sftwr 1c	341p	–4	–	–	–
22⅛	17⅛	Dana Corp. $1	20⅛	+⅛	$1.52	–	4.3
15⅛	10⅛	Data General	10⅛	+⅛	–	–	–
140p	44p	♦Derma-Lock Med.	95p	.....	–	–	–
31½	24½	Dun & Bradstreet $1	28⅛xd	+⅛	$1.74	–	3.6
49⅛	39⅛	Eaton Corpn 50c	44⅛xd	+⅛	$2.00	–	2.7
18⅛	14⅛	FPL Group 1c	17⅛	+⅛	$2.20	–	7.3
21⅛	10⅛	First Chicago $5	19⅛	+⅛	$1.50	–	4.6
31⅛	20⅛	Ford Motor $2	28⅛xd	–⅛	$2.40	–	4.9
28⅛	20⅛	GATX 62½c	27⅛xd	+⅛	$1.80	–	3.9
26⅛	20⅛	Gen. Elect. 63c	25½	.....	$1.40	–	3.5
700p	425p	♦General Host Corp $1	617p	.....	28c	–	2.7
25⅛	15⅛	Gillette $1	20⅛	+⅛	86c	–	2.5
803p	474p	Gt Am First Svgs Bk $1	615p	–2	60c	–	5.7
19½	13⅛	Greyhound $1½	18⅛xd	+⅛	$1.32	–	4.1
976p	654p	Hasbro Inc 50c	874p	+21	12c	–	0.9
812p	600p	Home Group $1	725p	+7	20c	–	–
42⅛	28⅛	Honeywell $1½	35⅛	+⅛	$2.10	–	3.5
22⅛	15⅛	Hospital Corp Am $1	20	+⅛	72c	–	2.1
19⅛	15⅛	Houston Inds. ‖	17⅛	.....	$2.96	–	10.0
75⅛	55⅛	IBM Corpn $1¼	66⅛xd	–⅛	$4.40	–	3.9
20⅛	16⅛	IC Industries	20⅛	+⅛	96c	–	2.7
31	23⅛	ITT Corpn. $1	27⅛	–⅛	$1.25	–	2.7
105p	40p	Image Storage/R.Sys.1c	78p	.....	–	–	–
26⅛	17⅛	Ingersoll-Rand $2	21⅛xd	+⅛	$1.04	–	2.9
17⅛	815p	Insilco $1	17⅛	.....	$1.00	–	3.4
26⅛	18½	Lockheed Crpn. $1	24⅛	.....	$1.60	–	3.9
19⅛	11½	Lone Star Inds $1	18⅛xd	+⅛	$1.90	–	6.0
19⅛	15⅛	Louisiana Land 15c	17⅛xd	+⅛	$1.00	–	3.3
13⅛	860p	Lowe's 50c	11⅛	–⅛	44c	–	2.3
18⅛	10⅛	Manfd. Hanover $7½	17⅛	+⅛	$3.28	–	11.2
16⅛	11⅛	Merrill Lynch $1	15⅛	+⅛	$1.00	–	3.9
24⅛	19⅛	Molex Inc.	21⅛	–⅛	32c	–	0.9
23⅛	16⅛	Morgan (JP) $2½	21⅛xd	+⅛	$1.50	–	4.1
40⅛	32⅛	NYNEX $1	37⅛	+⅛	$4.04	–	6.3
20	15	PHH	19⅛	+⅛	$1.12	–	3.4
308p	99p	♦Pacific Agr. ‖	254p	.....	–	–	–
10⅛	757p	Pac Gas & Elect $5	978p	+30	$1.92	–	11.5
21⅛	16⅛	Pacificorp $3¼	20½	+⅛	$2.64	–	7.6
17⅛	13⅛	Pacific Telesis 10c	16½	.....	$1.76	–	6.3
17½	13⅛	Pall Corp. 25c	15½xd	+⅛	40c	–	1.5
44⅛	34⅛	Pennzoil 83 1/3c	42⅛	+⅛	$2.20	–	3.0
21⅛	11⅛	Premark Intl.	19⅛	+⅛	60c	–	1.8
17⅛	12½	Primerica $1	16⅛xd	+1⅛	$1.60	–	5.6
32⅛	21⅛	Quaker Oats $5	32⅛	+⅛	$1.00	–	1.8
30⅛	23⅛	RJR Nabisco Inc.	30	+⅛	$1.92	–	3.8
26⅛	21	Rep NY Corpn $5	26⅛xd	+⅛	$1.20	–	2.6
13	9⅛	Rockwell Intl. $1	11⅛xd	–⅛	72c	–	3.7
24⅛	18⅛	Sara Lee $11/3	23⅛	–⅛	$1.20	–	3.0
23⅛	18	Southwestern Bell $1	21⅛	+⅛	$2.48	–	6.7
35⅛	27⅛	Sun Co. Inc. $1	33⅛xd	+⅛	$3.00	–	5.3
29⅛	22⅛	TRW Inc. 62½c	24⅛xd	.....	$1.60	–	3.9
11⅛	754p	TW Services $5	10⅛	.....	20c	–	1.1
28⅛	21⅛	Tenneco $5	27⅛	+⅛	$3.04	–	6.5

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price $	+ or −	Div Gross	C'vr	Y'ld Gr's
28⅝	19½	Texaco $6.25	27⅛	.....	♦$3.00	—	6.5
60¼	43¼	Time Inc. $1	56½xd	+⅛	$1.00	—	1.0
20¾	15⅞	Transamerica $1	19¾xd	+⅛	$1.84	—	5.4
20⅛	14½	TRINOVA Corp	15¼xd	+⅛	64c	—	2.5
19	15⅛	USX $1	16⅞	.....	$1.20	—	4.3
23	17⅝	Utd. Technologies	21xd	−⅛	$1.60	—	4.5
33½	26¾	US West‡	32	+⅛	$3.52	—	6.5
21¼	16¾	Waste Management $1	20⅞xd	+⅛	48c	—	1.4
16⅞	12⅞	Whirlpool $1	15	−⅛	$1.10	—	4.3
32⅞	18¾	♥Woolworth $3½	30	+⅛	$1.64	—	3.2

CANADIANS

1988 High	Low	Stock	Price	+ or −	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‡	211p	−5	—	—	—
32p	11p	♥Abbot Energy Corp.	13½p	.....	—	—	—
14¼	990p	♥Amer. Barrick Res.	10⅞	+⅛	—	—	—
10p	3½p	American Lightwave	4½p	.....	—	—	—
47p	15¼p	♥Armeno	18½p	+3	—	—	—
76p	45p	Augmitto Expln.	57½p	.....	—	—	—
13⅞	10⅝	Bk. Montreal ‡	13⅛	.....	$2.00	—	7.4
697p	514p	Bk. Nova Scot. ‡	659p	.....	76c	—	5.6
18⅜	15¼	BCE ‡	17⅝xd	.....	$2.44	—	6.7
716p	591p	♥Bow Valley‡	630p	.....	♦40c	—	3.1
13⅝	10½	♥Brascan‡	12¼	.....	88c	—	3.5
328p	189p	♥Breakwater Res.	232p	.....	10c	—	2.1
11¾	801p	Can. Imp Bank‡	11⅛	.....	$1.16	—	5.0
11½	841p	Can. Pacific ‡	10⅞	.....	60c	—	2.7
41½	40	Do. 4pc Deb £100	40½	.....	4%	—	9.9
515p	362p	Central Capital "A" ‡	489p	+10	—	—	—
485p	440p	♥Corona Corp.	443p	.....	—	—	—
886p	288p	Cons. TVX Min.	365p	.....	—	—	—
344p	76p	*Danbus Res.*	344p	+9	—	—	—
686p	430p	Derlan Inds	592p	+10	11.75c	—	1.0
14⅛	984p	♥Echo Bay Mines	10⅝	.....	$0.07	—	0.4
40p	26p	Energex Minerals	28p	.....	—	—	—
125p	83p	Euro-Asia Capital Ltd	108p	.....	—	—	—
386p	222p	♥Galactic Resources	289p	+8	—	—	—
125p	90½p	♥Geodome Res.	96p	.....	—	—	—
394p	196p	Granges Explnǂ	205p	+9	—	—	—
17p	8½p	♥Gt Pacific Res.	11p	.....	—	—	—
903p	652p	♥Gulf Canada‡	845p	+2	52c	—	3.0
12⅞	816p	♥Hawker Sid Can‡	10¼	.....	$1.08	—	4.9
590p	344p	Henlys Group	455p	.....	—	—	—
957p	785p	♥Hudson's Bay ‡	899p	+9	60c	—	3.2
29	22⅞	♥Imperial Oil‡	26¼	+⅛	$1.80	—	3.4
20⅞	10¼	Inco‡	17¼	+⅛	US$0.82	—	2.7
718p	462p	*♥Inland Nat. Gas $1*	575p	.....	60c	—	5.1
250p	150p	Madeleine Mines	194p	.....	—	—	—
207p	126p	♥Muscocho Expln.	198p	−1	—	—	—
187p	75p	♥Nui Business Syst.‡	97p	+13	—	—	—
245p	110p	♥Nevada Goldfields	201p	.....	—	—	—
12	787p	♥Rio Algom	10⅝	+⅛	$1.30	—	6.0
16⅛	11½	Royal Bk. Can. ‡	15⅛	.....	$2.08	—	6.6
34⅛	26⅝	Seagram‡	31¼	+⅛	US$1.20	—	2.2
361p	169p	♥Sonora Gold Corp‡	169p	−6	—	—	—
121p	18p	Spiral Eng.	121p	+6	—	—	—
150p	35p	Tarn Pure Tech. Corp. ‡	119½p	.....	—	—	—
16⅛	11⅞	Toronto-Dom. Bk. ‡	15⅝	.....	$1.12	—	3.5
64p	14p	♥Trans Atlantic Res ‡	24p	.....	—	—	—
684p	566p	♥Trans Can Pipe	612p	.....	68c	—	5.4
205p	127p	Varity Corp‡	169p	+6	—	—	—

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
•240	124	ANZ $A1	240	+1	†Q21c	3.1	4.0	8.1
281	200	Allied Irish β	257	+1	Q65.3%	3.1	5.3	8.1
£13¼	£10⅞	Algemene Fl.10	£12¼	−⅛	Q27%	1.9	6.4	—
73	58	Anglo Irish γ	65	.....	Q19.69%	1.2	6.3	20.3
90	64	Ansbacher (H.) 1p. β	88	.....	2.0	—	3.0	—
£40½	£24⅞	Banco de Bilbao S.A.	£36⅛	−⅛	Q67.2%	3.1	4.5	7.0
£35⅝	£27⅛	Banco de Santander	£30¾	.....	Q22%	2.4	1.7	24.1
•268	184	Bank Ireland IrE1 β	237	−1	Q15.67%	3.3	5.5	7.4
£18½	£15	Bank Leumi	£18½	.....	—	—	—	—
350	350	Bank Leumi (U.K.)	350	.....	12.4	—	4.7	—
399	335	Bank Scotland £1 β	374	−4	h12.6	4.1	4.5	7.3
•65	45	Bank of Wales	64xd	.....	g2.8	2.6	5.8	9.2
•463	302	Barclays £1 α	410	−3	†19.93	3.5	6.6	5.7
38	26	Benchmark 20p γ	29	.....	1.63	1.6	7.5	11.4
435	353	Brown Shipley £1 γ	360	+5	10.5	—	3.9	—
77	47	Business Mort Tst. γ	65	.....	—	—	—	—
394	340	Cater Allen £1 β	354	.....	22.5	—	8.5	—
270	175	Chancery γ	267	−1	6.0	2.9	3.0	15.4
£15¼	£13¼	Commerzbk DM10	£13⅞	.....	Q18%	—	4.2	—
£23⅛	£18	C'hgn. Hbk. Kr100	£21¼	−⅛	♦Q15%	—	5.8	—
£159¾	£114½	Deutsche Bk. DM50	£142⅛	−1⅛	Q24%	—	2.7	—
270	220	First Nat. Fin. 10p β	221	−6	†8.75	2.9	5.3	7.1
145	117	♥FNFC 6.3pc CvRedPref γ	117	−1	6.3%	—	7.2	—
33	15½	♥First Pac. Hldg. 50c	26	.....	Q2.6c	5.6	6.1	2.9
£15¼	£12¼	Fuji Bank Y50	£14¼	+⅛	♦Q143%	♦	0.3	♦
340	269	Gerrard & National β	269	.....	18.0	—	8.9	—
136	110	Goode Durrant 5p γ	135	.....	a3.3	—	3.3	—
123	90	Guinness Mahon 10p β	123	.....	—	—	—	—
285	238	Hambros 20p β	243	−5	9.0	—	4.9	—
50	40	HK & Shang. HK$2.50	45	.....	†Q38c	—	6.4	—
440	413	Joseph (Leo) £1 γ	420xd	.....	14.38	—	4.6	—
158	136	King & Shaxson 20p γ	136	−2	9.25	—	9.1	—
407	321	Kleinwort Benson Grp. β	382	−1	14.0	—	4.9	—
317	238	Lloyds £1 α	308	−2	†13.2	4.6	5.7	4.9
57	45	Lon. Scot. Bank 10p γ	48	−1	†1.8	1.9	5.0	12.3
211	62	MCorp $5	81½	+8	—	—	—	—
448	370	Midland £1 α	413	−2	†20.1	3.0	6.5	5.6
355	236	*Morgan Grenfell £1* β	314	−3	10.85	—	4.6	—
•312	146	Nat Aust. Bk. A$1	309	−1	†gQ24.7c	2.1	3.4	14.1
605	525	Nat. West. £1 α	545	−4	†24.0	5.0	5.9	4.6
£225	£130	Ottoman Bank	£215	.....	Q80%	—	3.7	—
111	75	Rea Bros. Group γ	80	+2	±1.75	—	‡	—
•149	94	Rothschild (J) Hldgs. β	143xd	−1	8.0	3.1	7.5	5.7
40	24¼	♥Rothwells A$0.50	28¼	.....	Q12.5c	7.1	18.3	0.7
380	297	Royal Bk. Scotland α	358	−4	†12.7	4.3	4.7	6.5
150	120	Scandinavian Bk Units β	134	.....	8.0	—	8.0	—
£10	850	Schroders £1 γ	950	.....	16.5	—	2.3	—
851	675	Do. £1 N/V γ	770	+10	16.5	—	—	—
£23¼	£13⅝	Sec. Pacific $10	£21⅛	.....	Q$1.80	—	4.8	—
553	407	Standard Chartd. £1 α	518	−2	35.0	0.9	9.2	(15.7)
117½	96	TSB α	106xd	−2	†aW4.7	3.2	6.1	7.1
150	135	♦TSB Ch'nel Is'l β	150	.....	†5.4	2.8	4.4	9.6
595	501	Union Discount £1 β	543	.....	†h28.7	—	7.0	—
355	307	Warburg (S.G.) β	307	−5	11.5	—	5.0	—
133	110	Do 6pc A Cnv Prf. γ	113	.....	6%	—	7.1	—
£38⅛	£23	Wells Fargo $5	£37⅞	+⅛	Q$2.40	—	3.7	—
•283	125	Westpac $A1	283xd	+6	†hQ23½c	2.6	3.9	11.3
458	443	Wintrust 20p γ	453xd	.....	6.95	♦	2.0	♦

Hire Purchase, Leasing, etc.

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
212	155	Anglo Leasing 10p γ	195	+1	3.5	5.2	2.4	10.2
•174	150	CLF 50p γ	171xr	.....	a1.74	8.5	1.4	9.4
116	106	Do. 6¼pc Cv Pf 50p γ	108	.....	6.25	—	7.7	—
71	54	Cattle's (Hldgs) 10p β	67	−½	†2.5	2.1	5.1	12.3
£49½	£30⅞	Cie B'cre Fr.100	£40	−1	Q10%	—	2.3	—
38	24	Equity & Gen 5p γ	37	.....	1.35	2.2	5.0	10.9
369	330	Prov. Financial β	347	−1	16.0	2.2	6.1	9.7
125	41	♦Reflex Ims. Ir5p γ	115	−5	L028.8%	♦	1.1	♦
199	140	Woodchester IR20p γ	174	.....	†Q8.65%	5.7	0.8	30.7

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

For Rockwood see Industrials

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING—Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ☆ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+or-
Albany Inv 20p.... γ	71	......
Craig & Rose £1.. γ	700	......
Finlay Pkg. 5p.... γ	89	-1
Holt (Jos) 25p..... γ	£11¼	......

IRISH

Stock	Price	+or-
Nat. 9¾% 84/89..	£100¼	......
9pc Cap Ln. 1996..	£99½	......
Fin. 13% 97/02...	£119	......

Stock	Price	+or-
Arnotts.............. γ	365	......
Carrol Inds.......... γ	153	......
Grafton Grp......... γ	128	......
Hall (R. & H.).......	160	-3
Helton Hldgs......... γ	53	......
Irish Ropes........... γ	165xd	......
Unidare............... γ	490	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	56
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons.	38
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30

	p
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	38
Racal Elect	32
RHM	38
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	40
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45
Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50
Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26
Mines	
Cons Gold	95
Lonrho	20
RTZ	55

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday August 22 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Aug 19 Index No.	Thu Aug 18 Index No.	Wed Aug 17 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (209)	807.69	-0.5	10.05	3.95	12.34	17.16	811.42	806.76	804.85	940.23
2	Building Materials (29)	1026.09	-0.5	11.09	4.14	11.07	21.41	1031.61	1028.72	1025.71	1173.83
3	Contracting, Construction (37)	1610.84	-0.1	10.31	3.35	12.66	-27.59	1612.91	1606.18	1599.14	1688.70
4	Electricals (12)	2166.30	-0.4	8.58	4.62	14.43	49.65	2174.41	2159.28	2164.31	2432.21
5	Electronics (31)	1760.77	-0.4	9.82	3.42	13.08	40.30	1767.13	1761.94	1749.09	2026.31
6	Mechanical Engineering (56)	426.46	-0.4	9.70	4.12	12.79	9.23	428.21	424.64	425.10	508.15
8	Metals and Metal Forming (7)	491.90	-0.4	9.74	3.88	12.69	7.95	493.75	484.62	485.39	543.05
9	Motors (14)	283.31	-0.4	11.90	4.64	9.68	6.62	284.59	281.39	281.36	382.53
10	Other Industrial Materials (23)	1314.20	-0.8	8.98	4.24	13.31	28.49	1325.41	1317.22	1317.06	1592.49
21	CONSUMER GROUP (186)	1092.46	-0.6	8.97	3.63	14.08	19.26	1099.04	1093.85	1095.94	1296.16
22	Brewers and Distillers (21)	1121.99	-0.9	10.41	3.63	12.11	20.84	1131.92	1132.33	1132.62	1148.83
25	Food Manufacturing (21)	977.85	-0.5	8.86	3.79	14.44	17.95	982.71	973.78	988.17	1015.91
26	Food Retailing (16)	1967.80	-0.6	8.79	3.39	15.00	38.49	1978.75	1970.77	1968.91	2393.86
27	Health and Household (12)	1829.32	-0.5	6.78	2.68	17.12	18.01	1838.57	1826.68	1829.78	2522.38
29	Leisure (30)	1369.27	-0.6	8.33	3.67	15.36	28.32	1378.22	1375.33	1374.63	1360.93
31	Packaging & Paper (17)	530.84	-0.3	9.28	3.84	13.82	9.98	531.64	526.50	527.13	676.17
32	Publishing & Printing (18)	3548.11	-0.5	8.05	4.31	15.60	73.53	3565.17	3535.40	3536.85	4358.73
34	Stores (34)	816.26	-0.7	10.17	4.06	12.93	15.08	822.16	818.22	816.40	1059.23
35	Textiles (17)	591.56	-0.2	11.69	4.60	10.04	12.65	592.70	593.81	592.26	802.68
40	OTHER GROUPS (93)	893.07	-0.5	11.15	4.41	10.96	19.92	897.40	893.37	890.55	1116.31
41	Agencies (19)	1092.57	-0.7	8.31	2.49	15.21	18.11	1099.92	1096.03	1082.83	1678.17
42	Chemicals (21)	1046.79	-0.5	12.19	4.85	9.84	35.79	1052.11	1050.37	1050.72	1429.34
43	Conglomerates (13)	1221.11	-0.5	10.45	4.42	11.04	22.91	1227.43	1214.89	1207.35	1451.64
45	Shipping and Transport (12)	1948.59	-0.5	11.06	4.61	11.97	34.38	1958.38	1944.18	1940.46	2225.85
47	Telephone Networks (2)	950.22	-0.5	11.69	4.69	11.10	20.38	954.99	953.42	950.17	1066.35
48	Miscellaneous (26)	1205.06	-0.3	11.32	4.29	10.09	24.64	1208.68	1203.19	1203.53	1617.98
49	INDUSTRIAL GROUP (488)	976.60	-0.5	9.85	3.93	12.63	19.41	981.81	976.96	976.36	1169.25
51	Oil & Gas (12)	1793.75	-0.5	10.53	6.03	12.19	64.62	1803.63	1792.69	1789.11	2135.34
59	500 SHARE INDEX (500)	1046.01	-0.5	9.95	4.22	12.56	23.20	1051.61	1046.26	1045.42	1251.29
61	FINANCIAL GROUP (122)	697.31	-1.0	–	5.01	–	18.46	704.03	702.02	699.32	795.17
62	Banks (8)	666.23	-0.8	21.49	6.55	6.24	25.83	671.65	665.54	663.64	802.73
65	Insurance (Life) (8)	1044.60	-1.1	–	4.81	–	24.97	1055.95	1063.98	1047.94	1063.52
66	Insurance (Composite) (7)	541.62	-0.4	–	5.70	–	15.67	543.58	541.98	541.69	579.93
67	Insurance (Brokers) (7)	980.60	-0.4	9.82	6.49	13.16	31.74	984.20	983.69	963.29	1265.09
68	Merchant Banks (11)	356.51	-0.8	–	4.02	–	7.08	359.55	360.51	358.86	498.22
69	Property (51)	1206.08	-1.6	5.26	2.69	24.34	15.18	1225.89	1222.48	1222.23	1206.82
70	Other Financial (30)	377.36	-0.7	10.43	5.16	12.01	9.54	380.09	379.81	380.07	548.91
71	Investment Trusts (78)	905.25	-0.5	–	3.09	–	13.49	910.10	908.42	909.33	1129.12
81	Mining Finance (2)	533.15	-0.6	8.98	3.53	12.59	8.12	536.39	522.35	512.38	625.81
91	Overseas Traders (8)	1184.53	-0.5	9.72	4.72	12.09	35.31	1190.17	1175.81	1165.32	1159.39
99	ALL-SHARE INDEX (710)	955.85	-0.6	–	4.30	–	21.56	961.62	956.78	955.26	1134.37

	Index No.	Day's Change	Day's High	Day's Low	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Year ago
FT-SE 100 SHARE INDEX ♦	1832.3	-12.0	1840.6	1830.4	1844.3	1833.9	1830.9	1825.3	1816.8	2225.1

FIXED INTEREST

	PRICE INDICES	Mon Aug 22	Day's change %	Fri Aug 19	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	119.74	-0.20	119.97	–	7.57
2	5-15 years	135.55	-0.23	136.22	0.36	9.17
3	Over 15 years	147.21	-0.23	148.16	0.62	8.78
4	Irredeemables	167.02	-0.43	167.74	–	7.30
5	All stocks	133.21	-0.22	133.78	0.27	8.61
	Index-Linked					
6	5 years	127.17	....	127.16	–	1.81
7	Over 5 years	121.24	-0.30	121.60	–	2.43
8	All stocks	121.55	-0.27	121.88	–	2.37
9	Debentures & Loans	118.08	+0.06	118.01	–	7.11
10	Preference	91.99	+0.02	91.98	–	3.61

	AVERAGE GROSS REDEMPTION YIELDS		Mon Aug 22	Fri Aug 19	Year ago (approx.)
	British Government				
1	Low	5 years	9.80	9.72	9.59
2	Coupons	15 years	9.45	9.42	9.85
3		25 years	9.13	9.10	9.85
4	Medium	5 years	10.22	10.13	10.41
5	Coupons	15 years	9.67	9.64	10.34
6		25 years	9.37	9.33	9.91
7	High	5 years	10.32	10.24	10.50
8	Coupons	15 years	9.83	9.80	10.30
9		25 years	9.40	9.36	9.940
10	Irredeemables	†	9.73	9.66	9.86
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.95	2.94	3.12
12	Inflation rate 5%	Over 5 yrs.	3.82	3.80	4.03
13	Inflation rate 10%	5 yrs.	1.84	1.83	2.99
14	Inflation rate 10%	Over 5 yrs.	3.64	3.62	4.01
15	Debs &	5 years	11.03	10.92	11.34
16	Loans	15 years	10.92	10.86	11.35
17		25 years	10.81	10.80	11.36
18	Preference	†	9.83	9.82	10.81

♦Opening index 1840.6; 10 am 1836.5; 11 am 1835.6; Noon 1835.9; 1 pm 1835.4; 2 pm 1835.0; 3 pm 1832.4; 3.30 pm 1830.7; 4 pm 1830.7

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	105	5
Corporations, Dominion and Foreign Bonds	1	19	32
Industrials	258	466	871
Financial and Properties	76	210	369
Oils	23	32	52
Plantations	0	2	11
Mines	49	31	114
Others	103	35	133
Totals	513	900	1,587

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§145	F.P.	-	173	145	Christie Group 2p	173		13.5	3.1	2.7	15.9
§300	F.P.	12/8	323	306	♦City Gate Ests. £1	323	+10	L8.25	2.9	3.4	11.0
§75	F.P.	16/9	83	79	[illegible] 10p	80		R1.13	2.0	1.9	35.0
-	F.P.	22/7	163	136	English & O'seas Props 10p.	136		R2.6	4.9	2.5	8.4
§95	F.P.	-	108	88	Eurocopy 5p	94		R2.19	2.5	3.1	16.2
§115	F.P.	22/8	165	128	♦Lincat Group 10p	160		3.7	2.5	3.1	14.8
†	F.P.	-	104	101	Lowndes Ventures 5p	103		5.75	0.7	7.4	24.9
120	F.P.	-	151	123	National Telecom 5p	144	+1	12.0	4.1	1.9	14.1
§100	F.P.	28/7	106	91	Needler Group	95		u09.8	2.1	4.5	10.4
60	F.P.	26/8	74	58	♦Optim Group 10p	60	-1	-	-	-	20.5
-	F.P.	-	250	240	Palmerston Hldgs.	235		φ7.5	1.3	4.3	17.9
♦	F.P.	-	88	78	RIT Capital Partners £1	78	-1	-	-	-	-
§140	F.P.	27/7	161	145	♦Reject Shop 5p	146		u3.15	2.2	2.9	18.9
140	F.P.	5/8	141	120	Rockfort Group 20p	130	-1	R3.9	3.3	4.0	8.4
§125	F.P.	19/8	133	125	Savills 5p	129		L3.0	2.5	3.1	14.2
♠	F.P.	-	143	115	Seafield	124		-	-	-	-
-	F.P.	-	68	61	Tamaris 10p	68	+1	a2.0	0.4	3.9	-
-	F.P.	-	21	14	Waverley Mining Warrants	21		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	104p	102p	Atwoods (Fin) 8½pc Gtd Rd Cv Pf 5p	102p	-1
101.09	F.P.	-	102p	101½p	Brent Chemicals Int. 9pc Cm Rd Pf	101¾p	+¼
-	F.P.	12/8	320p	306p	♦City Gate Ests 3¼pc Cm Cv Prf £1	320p	+7
100p	F.P.	-	106p	100p	Dares Estates 7.75pc Cnv Cm Rd Prf	101p	
♠	F.P.	16/9	109p	106p	Hampson Inds.6.5pc Cv Cm Rd Pf	109p	+1
65	F.P	12/8	65¼	65	Housing Fin.7pc Deb.2009	65⅛	
§101.2	F.P.	-	101½	100¾	Lon & Edin Tst 8¾ 1st Cm Rd Pf 2013	101	
100p	Nil	20/9	5pm	¾pm	MMC Group (Net) Cn Cm Rd Pf 10p	1pm	
-	F.P.	-	100	99¾	N'wide Ang. 11⅛pc 7.8.89	99¾	
-	F.P.	-	100	100	Do. 11⅛pc 29.8.89	100	
100p	Nil	-	20pm	15pm	Pleasurama 7.75pc Cv Cm Rd Pf	16pm	+1
§100p	F.P.	-	115p	110p	Prestwick Hldgs 7¼pc Cv Rd Pf £1	111p	
♦	F.P.	-	86½	79½	RIT Capital Ptnrs 2½pc Cv Uns Ln 2000	79½	-1
100p	F.P.	-	108p	98p	Sommer Int'l. 7½pc Cv Rd Prf	98p	
100	F.P.	-	103p	100p	Tamaris 8½pc Cv. Rd. Pf. 2003	103p	+3
100p	Nil	-	107pm	103pm	TVS Enter. 7.4p Cv Cm Rd Prf 2008	105pm	
†	F.P.	-	109p	103p	Wagon Ind'l. Hldgs. 7¼pc Cv Prg Pf	108p	-1
♠	Nil	21/9	102p	98¾	Waterglade Intl.7.75% Cv Cm Rd Pf	99p	
§100p	F.P.	-	96p	95p	York Trust Grp. Rd. Cm. Cv. Pf. 20p	96p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
37.5	Nil	-	27pm	21pm	Amber Day Hldgs. 2½p	21pm	-1
190	Nil	28/9	13pm	4pm	Browning Group 25p	4pm	-1
50	Nil	23/9	14½pm	8pm	Durham (D.G.) 10p	8pm	-2
18	Nil	21/9	3pm	2pm	Energy Capital 1p	2½pm	
205	Nil	-	41pm	38pm	Fisons	40pm	
230	Nil	-	25pm	8pm	♦Highland Participants 25p	8pm	-1
45	Nil	14/9	31pm	22pm	Owners Abroad Group 3p	30pm	
2	Nil	4/10	4pm	1¼pm	*Pennine Res A 1p	2pm	
175	Nil	-	83pm	71pm	Pleasurama 5p	72pm	+1
30	Nil	-	21pm	16pm	♦Union Square	16pm	
-	Nil	-	10pm	7pm	Wilshaw 5p	7pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. H Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ♠ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings — Aug 22
- Last Dealings — Sep 9
- Last Declarations — Nov 24
- For settlement — Dec 5

For rate indications see end of London Share Service

Stocks dealt in for the call included Marley, Mountleigh, Ryan International, Ferranti, Standard Chartered, Kelt Energy, Sears, Royal Insurance, Smith and Nephew, Rea Bros. and ASDA.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*419)	390	41	50	58	5	11	13
	420	20	30	40	13	23	26
	460	6	14	22	43	48	50
Brit. Airways (*150)	140	23	26	29	2	4	9
	160	9	14	17	8	19	17
	180	1	4½	–	23	26	–
Brit. & Comm. (*237)	220	25	28	35	5	8	10
	240	12	17	23	14	16	20
	260	4	10	15	28	32	32
B.P. (*248)	240	16	23½	26½	3½	7	12½
	260	5½	12	14½	14	16½	24
	280	1	5½	8	32½	32½	39
Bass (*781)	750	50	62	73	10	23	28
	800	22	33	45	32	47	48
	850	6	15	–	72	82	–
Cable & Wire (*386)	330	63	73	80	2	7	10
	360	40	50	60	6	15	20
	390	20	30	40	18	30	35
Cons. Gold (*1010)	950	95	135	160	30	45	57
	1000	64	105	130	50	67	82
	1100	29	67	85	120	135	145
Courtaulds (*342)	300	48	–	–	1	–	–
	330	25	34	42	10	13	20
	360	9	20	27	26	33	36
Com. Union (*362)	330	41	53	–	4	10	–
	360	20	33	40	15	22	29
	390	6	19	25	34	38	44
G.E.C. (*162)	140	25	30	34	1	2½	4
	160	8	14	18	4½	7	10
	180	2	5	10	19	20	21
G.K.N. (*329)	300	37	47	53	3½	5	10
	330	15	25	32	9	14	20
	360	4	12	18	32	35	41
Grand Met. (*509)	460	62	75	80	3	8	13
	500	30	47	53	13	20	27
	550	8	22	29	45	48	55
I.C.I. (*1009)	950	83	115	–	10	20	–
	1000	51	80	92	26	36	54
	1100	12	33	43	95	100	120
Jaguar (*272)	260	21	31	40	7	14	17
	280	10	20	30	18	23	27
	300	4	10	22	31	35	40
Land Securities (*557)	500	65	78	93	4	10	16
	550	27	42	57	14	24	33
	600	8	18	33	45	53	55
Marks & Spencer (*167)	160	13½	16½	20½	3	5½	7
	180	2½	7	9½	15	17½	18½
	200	1	2½	–	34½	36½	–
Britoil (*500)	420	–	–	–	1	–	–
	460	–	–	–	5	–	–
	500	–	–	–	14	–	–
Rolls-Royce (*138)	130	12	16	18	4	6½	8
	140	6	10	12½	8	11½	14
	160	1½	4	6	24	25	28
STC (*284)	260	28	38	45	4	7	9
	280	14	25	31	7	13	17
	300	7	15	21	19	22	27
Sainsbury (*217)	200	24	29	34	1	4	5
	220	8	16	20	8	11	13
	240	2	7	–	24	25	–
Shell Trans. (*1031)	950	90	–	–	12	–	–
	1000	48	77	92	30	40	58
	1100	10	31	43	95	100	125
Storehouse (*234)	220	25	32	37	4	10	14
	240	12	19	25	13	21	24
	260	6	13	18	30	33	35
Trafalgar House (*317)	280	45	50	55	3	6	8
	300	30	35	42	6	12	16
	330	11	18	23	20	28	33
T.S.B. (*106)	90	18	21	–	1	1½	–
	100	9	12	14	1½	3	4½
	110	3	7	8	6	7	8½
Utd. Biscuits (*288)	280	20	26	30	7	9½	12
	300	9	14	20	17	22	24
Ultramar (*266)	240	36	48	–	4	9½	–
	260	22	36	44	10	18	25
	280	12	24	33	23	29	37
Woolworth (*280)	260	26	33	40	3	6	8
	280	11	20	26	10	14	16
	300	3½	10	15	23	25	28

Option		Nov	Feb	Apr	Nov	Feb	Apr
Ladbroke (*448)	390	64	73	–	2½	5	–
	420	37	50	58	9	13	15
	460	15	27	33	28	32	35

Option		Nov	Feb	May	Nov	Feb	May
Brit Aero (*514)	460	63	78	88	8	14	18
	500	33	52	60	19	28	38
	550	12	26	35	50	55	65
BAA (*272)	260	–	28	35	–	9	13
	265	17	–	–	6	–	–
	280	9	17	23	14	20	22
BAT Inds (*429)	390	45	57	64	6	11	16
	420	24	37	44	17	22	29
	460	9	19	25	43	45	55
Brit. Telecom (*237)	220	25	29	32	3	6	7
	240	10	16	22	8	13	15
	260	4	7	13	24	26	27
Cadbury Schweppes (*385)	360	40	53	60	8	15	19
	390	23	33	43	24	28	33
	420	12	23	30	45	47	53
Guinness (*317)	300	27	37	40	7	14	16
	330	11	20	25	23	28	32
	360	3	10	14	45	50	53

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
LASMO (*416)	390	40	62	–	13	22	–
	420	23	45	58	28	38	48
	460	9	28	40	55	60	68
P. & O. (*588)	550	50	70	77	18	22	28
	600	23	40	50	38	48	58
	650	7	–	–	75	–	–
Pilkington (*211)	200	21	27	30	4	10	12
	220	9	14	20	6	8	12
	240	4	8	12	30	35	38
Plessey (*165)	140	30	34	40	1	3	4
	160	14	19	24	6	8	12
	180	5	10	16	18	22	25
Prudential (*162)	160	10	14	17	7	10	11
	170	3	–	–	13	–	–
Racal (*319)	300	34	45	55	4	11	16
	330	16½	28	37	20	26	28
	360	7	17	26	45	48	50
R.T.Z. (*449)	390	70	85	95	5	10	14
	420	46	62	73	12	20	27
	460	22	38	48	27	40	42
Vaal Reefs (*$74)	70	9	14	13	3½	7	9
	80	4½	8	10	10	14	16

Option		Sep.	Dec.	Mar.	Sep.	Dec.	Mar.
Amstrad (*220)	220	12	21	27	10	15	15
	240	3½	11	17	23	28	30
Barclays (*410)	395	18	28	–	11	20	–
	420	–	22	–	–	43	–
	429	2	12	–	30	40	–
Beecham (*475)	460	27	38	51	7	15	20
	500	7	17	30	28	37	40
BTR (*278)	260	22	27	35	3	7	8½
	300	2	8	14	27	29	30
Blue Circle (*458)	420	43	58	70	5	12	17
	460	16	35	48	20	30	37
	500	5	18	30	50	55	60
Dixons (*179)	160	21	27	33	1½	3	6
	180	9	13	19	9	12	14
	200	1½	7	10	23	23	25
Glaxo (*960)	900	77	95	125	8	26	36
	950	40	64	95	23	48	57
	1000	18	40	68	52	75	82
Hawker Sidd. (*517)	460	65	73	88	3	5	9
	500	30	43	58	10	18	25
	550	8	17	33	38	45	50
Hillsdown (*285)	260	30	35	45	2	5	7
	280	15	20	27	7	10	14
	300	3	10	16	18	23	28
Hanson (*143)	130	14	17¼	19	¼	2½	3½
	140	5½	10	12¼	2½	6½	7½
	160	½	2½	4½	18	19½	20
Lonrho (*248)	240	12	22	28	4½	8½	15
	260	4	11	16	16	18	25
Midland Bk (*413)	390	32	43	52	3	8	15
	420	12	22	33	15	18	28
Sears (*141)	130	14½	19½	23	2	4½	7
	140	8	13	17	5	9	12
	160	2	6	10	20	23	24
Tesco (*147)	140	12	16	21	2	5	6½
	160	2	5	10	14	16	16
Trusthouse Forte (*248)	220	32	39	42	1	3	4½
	240	15	24	27	4	8	14
	260	5	12½	16½	15	18	25
Thorn EMI (*662)	600	70	80	92	1½	6	12
	650	23	47	62	9	20	27
	700	4	18	33	40	47	50
Unilever (*451)	420	42	50	61	3	8	13
	460	11	25	38	16	24	30
	500	2½	10½	21	50	52	54
Wellcome (*506)	500	25	42	60	14	25	31
	550	7	21	37	47	56	59

Option		Sep.	Dec.	Apr.	Sep.	Dec.	Apr
Boots (*222)	200	25	30	36	1	5	7
	220	10	16	24	6	13	16
	240	3	8	17	21	25	28

Option		Oct.	Jan.	Mar.	Oct.	Jan.	Mar.
British Gas (*183)	170	17½	–	–	1½	–	–
	180	9½	15½	17½	4	5½	8½
	200	2½	6½	8	18	18½	20

Option		Sep.	Nov.	Jan.	Sep	Nov.	Jan.
RHM (*410)	390	28	37	40	6	11	18
	420	9	18	22	17	22	30
	460	2½	9	13	52	55	60

Option		Aug	Nov	Feb	Aug	Nov	Feb
Conv. 9½% 2005 (*100)	98	2¼	3	3½	[illegible]	[illegible]	[illegible]
	100	[illegible]	[illegible]	[illegible]	[illegible]	1½	[illegible]
	102	[illegible]	[illegible]	[illegible]	2½	2½	2¼
Tr. 12% 1995 (*108)	106	2¼	2¾	2¼	[illegible]	[illegible]	[illegible]
	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	110	[illegible]	[illegible]	[illegible]	2¼	2¼	2½

Option		Calls Aug.	Calls Sep.	Calls Oct.	Calls Nov.	Puts Aug.	Puts Sep.	Puts Oct.	Puts Nov.
FT-SE Index (*1831)	1650	183	185	192	198	½	5	10	15
	1700	133	137	148	155	1	8	15	22
	1750	84	93	107	117	3	15	25	35
	1800	37	55	68	83	8½	28	40	50
	1850	8	27	45	55	32	54	65	75
	1900	2	12	25	35	77	87	95	104
	1950	1	5	12	23	127	132	133	143
	2000	½	3	7	14	177	180	180	184

August 22. Total Contracts 21,164 Calls 10,069 Puts 11,095
FT-SE Index Calls 541 Puts 2061
*Underlying security price.

LONDON STOCK EXCHANGE

Equity volume at lowest this year

In what dealers described as probably the most thinly traded market since the beginning of the year, equities and bonds gave ground on a mixture of lack of business, growing nervousness about forthcoming economic data from both sides of the Atlantic, and worries about possible further increases in UK interest rates.

The thinness in equities was apparent from the outset. The second week of a three-week Account that encompasses the August bank holiday weekend got off to an agonisingly slow start, reflecting a general lack of corporate activity and an unusually short list of company trading statements.

Account Dealing Dates		
*First Dealings:		
Aug 15	Sep 5	Sep 19
Option Declarations:		
Sep 1	Sep 15	Sep 29
Last Dealings:		
Sep 2	Sep 16	Sep 30
Account Day:		
Sep 12	Sep 26	Oct 10

*New time dealings may take place from 9.00 am two business days earlier

SEAQ turnover of 231.5m shares, which included marketmaker and customer business, was the lowest in equities since New Year's Eve. With that exception, yesterday's turnover is likely to have been the lowest since "Big Bang", in October 1986.

Indicative of the overall lack of enthusiasm in the market was a snapshot of the FT-SE 100 stocks on the SEAQ system at 11 am. This showed that only four of the UK's top 100 shares had enjoyed a trade in excess of 1m shares. The four stocks were Blue Arrow, where takeover speculation continued, British Gas, ahead of both the outcome of the Monopolies Commission inquiry into the gas industry and also the listing on the Tokyo Exchange, Sears, recently active on speculative buying, and Hanson, where third quarter results are expected on Wednesday.

Equity markets opened with minor falls across the board-slightly disturbed by the weaker trends on Wall Street last Friday and Tokyo overnight - and thereafter continued to drift easier as market makers lowered prices in vain attempts to trigger a positive trend.

Little or no business was forthcoming and share prices wilted further during the morning before staging a half-hearted rally around midday.

But sentiment took a decided turn for the worse amid fears of a further hike in interest rates triggered by the continued firmness of the dollar -despite concerted efforts to the contrary by central banks around the world - and worries about Thursday's UK balance of payments numbers; the consensus opinion is for a current account deficit of around £1 bn. London's crucial three months interbank rate hardened

The FT-SE index, down some 3 points at the opening, gradually retreated to register a fall of nearly 14 points before picking up marginally to close a net 12.0 off at 1,832.3.

FINANCIAL TIMES STOCK INDICES

	Aug 22	Aug 19	Aug 18	Aug 17	Aug 16	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.82	87.96	87.78	87.76	87.68	85.56	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.55	97.61	97.59	97.72	97.34	92.19	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1477.2	1484.5	1476.2	1475.3	1473.3	1752.1	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	194.8	193.3	187.8	188.1	191.4	416.5	312.5 (7/1)	187.8 (18/8)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dl. Yield	4.62	4.60	4.62	4.61	4.62	3.29				
Earning Yld %(full)	11.66	11.60	11.66	11.66	11.68	8.07				
P/E Ratio(Net)(☆)	10.44	10.49	10.44	10.44	10.42	15.22				
SEAQ Bargains(5pm)	20,977	20,955	19,823	18,954	21,506	40,534				
Equity Turnover(£m)†	-	844.82	786.68	753.50	499.75	898.51				
Equity Bargains†	-	21,997	21,133	21,029	22,716	45,993				
Shares Traded (ml)†	-	328.8	312.3	257.0	345.9	557.9				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1482.8	1480.1	1479.8	1480.0	1479.9	1479.8	1479.4	1475.7

DAY'S HIGH 1483.1 DAY'S LOW 1475.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆ Nil 10.35 † Excluding intra-market business

S.E. ACTIVITY

Indices	Aug 18	Aug 17
Gilt Edged Bargains	103.5	99.2
Equity Bargains	142.5	136.8
Equity Value	1707.6	1590.1
5-Day average		
Gilt Edged Bargains	105.3	105.5
Equity Bargains	144.4	154.0
Equity Value	1417.8	1496.8

London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	399	154	-1	Cons. Gold	205	£10¼	-⅛	Land Securities	792	555	-15	Rothmans "B"	1,100	440	+3
Abbey Life	631	319	-2	Cookson	349	257	-4	Laporte	8	416	-1	Ryl Bank Scotland	188	358	-4
Allied-Lyons	529	419	-4	Courtaulds	61	342	-1	Legal & General	489	320	-6	Royal Insurance	92	398	
Amstrad	596	229	-3	Dalgety	348	336	-1	Lloyds Bank	361	308	-2	STC	369	283½	+½
Argyll Group	1,000	184	-1	Dee Corporation	529	173	-1	LASMO	884	419	-5	Saatchi & Saatchi	115	363	-1
Assoc. Brit. Foods	411	318	-3	Dixons	267	179	-2	Lonrho	1,080	248	-1	Sainsbury	327	216½	-1½
BAA	1,500	272		Eng. China Clays	299	459	-1	Lucas	454	551	-3	Scott & Newcastle	875	359	-7
BAT	382	429	-2	Enterprise Oil	645	475	-1	MEPC	266	531	-9	Sears	4,500	142	-3
BET	967	229	-2	FKI Babcock	1,000	131	-1	Marks & Spencer	1,200	167	-½	Shell Transport	369	£10⅝	-⅛
BICC	153	354	-3	Fisons	2,400	245	-2	Maxwell Comm.	371	288	-1	Siebe	8	390	-2
BOC	201	405	-2½	General Accident	234	900	-7	Metal Box	1,506	236	-1	Slough Estates	667	302	-7
BPB Inds	1,100	284	-5	General Elect.	2,400	161½	-1	Midland Bank	1,500	413	-2	Smith & Nephew	369	120	-1½
BTR	593	278	-4	Glaxo	620	960	-8	NatWest Bank	179	545	-4	Standard Chartd.	168	518	-2
Barclays	671	410	-3	Globe Investment	73	141½		Next	65	233	-3	Storehouse	1,100	234	-1
Bass	208	782	-6	Glynwed	172	307	-½	Northern Foods	57	284	-1	Sun Alliance	127	968	
Beecham	426	475	-2	Granada	136	300	-1	Pearson	106	751	-2	T & N	122	182	+1
Blue Arrow	5,900	95	-4	Grand Met	747	509	-5	Pearl Group	121	475	-4	TSB	1,200	106	-2
Blue Circle	337	458	-1	GUS "A"	834	£11	+⅛	P & O	729	583	-2	Tarmac	519	242	+1
Boots	834	222	-5	Guardian R.E.	759	186	-1	Pilkington	658	212	-3	Tate & Lyle	60	850	-4
Brit. Airways	1,600	159	-3	GKN	346	329	-1½	Plessey	1,600	166	+3	Tesco	1,090	147	-1
Brit. Aerospace	421	515	-2	Guinness	844	317	-3	Prudential	1,200	161	-2	THORN EMI	217	663	-3
Brit. & Comm.	248	236	-3	Hammerson	147	620	-3	Racal	772	319	-1	Trafalgar House	760	317	-4
British Gas	2,400	184	-1½	Hanson	2,300	142½	-½	Rank Org.	62	709	-2	Trusthouse Forte	1,900	248	-4
British Land	336	332	-8	Harrisons & Cros.	162	639	+2	RMC	47	476	-1	Ultramar	1,580	267½	-5½
BP	1,609	249½	-½	Hawker Siddeley	32	517	-2	RHM	891	410	-2	Unilever	1,080	452	-3
Brit. Telecom	1,900	237	-½	Hillsdown Hldgs.	115	285	-1	Reckitt & Colman	119	926	-8	United Biscuits	149	288	-2
Burmah Oil	337	519	-8	IMI	72	203	-2	Redland	545	415	+1	United News.	74	425	
Burton	362	222	-3	ICI	535	£10¼	-⅛	Reed Intl.	305	440	-4	Wellcome	46	587	
Cable & Wireless	775	386	-6	Inchcape	580	224	-3½	Reuters "B"	119	483	-2	Whitbread "A"	1,300	299	-2
Cadbury Schweppes	868	386	-1	Jaguar	514	272	-4	RTZ	900	447	-1	Williams Holdings	2,500	294½	+½
Coats Viyella	576	224	-1	Ladbroke	447	449	-3	Rolls-Royce	239	138	-1	Wimpey	801	242	-1
Commercial Union	71	362	-2									Woolworth	17	280	-1

Defence stocks in focus

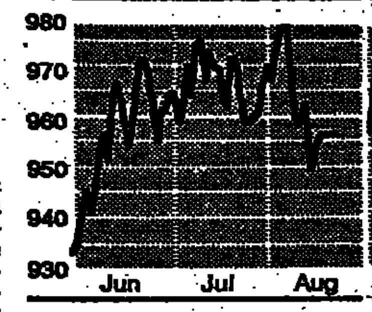
Reports that Plessey has been appointed lead contractor for a $500m Nato electronic identification system helped the shares stand up in a weak market yesterday, but left unresolved some uncertainty over the group's next move. At 165p, Plessey shares added 2, with turnover a meagre 1.4m shares.

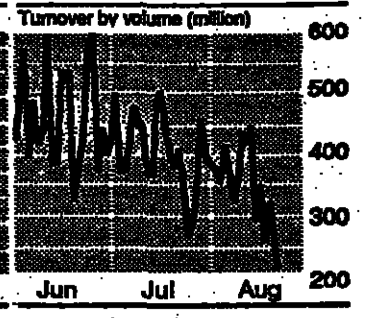
County NatWest WoodMac, noting that the electrical and defence group announced a £200m - £300m Eurocredit line, suggests that Plessey may make further acquisitions soon, perhaps increasing its borrowings to do so.

However, there were also rumours that the Nato contract, which would involve fitting identification devices to all UK Royal Air Force and Navy ships and aircraft, may be the first step in winning a similar contract for US forces.

Also attracting interest was Ferranti, which held a meeting with City analysts in Edinburgh last Friday. The analysts came away from the meeting in a relatively positive mood, although the stress had been put on explaining the group's high technology rather than financial prospects. The market men came away strongly persuaded that Ferranti will win the radar contract for the proposed European fighter plane, worth a potential £1bn, against the rival GEC-AEG consortium.

However, at Phillips & Drew, Mr Stephen Parker continues to recommend switching out of Ferranti, which is at the top of its trading range and at a 10 per cent premium to the market, and into Plessey, at a 10 per cent discount "and very attractive in yield terms". At 94p, shares in Ferranti closed 3 down.





Jaguar uneasy

Normally a beneficiary of a stronger US dollar, Jaguar drifted down in a market feeling uneasy over both the job losses announced at the weekend and the interim trading statement, due on Friday. The planned elimination of 1,200 jobs, to be effected by natural wastage, results from the group, along with other European luxury car manufacturers, being hit by the recession in the US market.

Market forecasts of the half-year profits now fall within a band of £29m to £36m. Hoare Govett is opting for £29.7m and BZW a slightly more optimistic £34m, compared with last year's actual of £45.7m. Business was fairly light yesterday, only 514,000 shares traded, and the close was 4 easier at 272p.

US sales are below target, running slightly under last year's levels, and the group is extremely unlikely to achieve its previously-stated sales object of 60,000 units worldwide next year. Sector researchers have regularly downgraded profits estimates, but rumours of stake building - both the Golden Share and 15 per cent shareholding limit expire at the end of 1990 - have given some support to the shares.

Illiquid brewers

The Brewery sector failed to take much inspiration from the start of the new licensing hours. Most stocks hardly traded and even a host of broker's circulars could do little to encourage investors. Scottish & Newcastle ran into mild selling pressure as one leading dealer was said to be trying to knock the shares. The excitement was limited, however, and the shares ended just 7 worse at 359p. Lack of news from Mr John Elliot's Elders IXL, rumoured to have been adding to its stake recently prior to a bid, was blamed for the fall.

Whitbread "B" shares jumped 80 to 650p amid speculation that dealers were short of stock. The stock was demoted to gamma status three months ago and is thinly traded, fuelled by rumours that the Whitbread voting structure will be changed. The "A" shares were down 3 to 299p.

Bass fell 7 to 781p, despite last week's bullish reaction to news of its sale of its Horizon Travel subsidiary. Grand Metropolitan moved back 5 to 509p.

BAT Industries' terse statement about the US Farmers group merger negotiations and extension of the deadline on its $72 per share offer until 4pm Californian time tomorrow caused business in BAT shares to mark time. Only 382,000 changed hands, but the price drifted back with the general market downturn to close 2 off at 429p. Rothmans International, on the other hand, edged forward to 440p amid speculation of a impending development.

International stocks were distinctly subdued. Fisons fell 4 to 245p as the new nil-paid shares started trading at a 40p premium in what dealers said was a good debut. Beecham was well supported, falling just 2 to 475p, while Glaxo gave up 8 to 960p. ICI fell a similar amount to 1010p. Turnover in all the leading stocks was unimpressive.

Reed International fell 4 to 440p, failing to impress an uninterested market with news that its Butterworth's subsidiary had made an Australian purchase.

JS Pathology continued to be adversely affected by last week's profit's warning and the shares fell 28 to 335p.

In Oils, BP "new" shares, trading both ex dividend and with the second cash call incorporated in the price, closed at 153p. The other oil majors ended with small losses also, and Burmah (521p) and Ultramar (267p) gave back a few pence of recent gains.

A speculative feature was Sovereign Oil & Gas, up 2 at 160p on rumours that Neste OY of Finland had taken a stake.

Bank shares shed a few pence as interest rate uncertainty continued to unsettle the sector. Barclays (412p), Midland (413p) and NatWest (548p) closed a shade off and TSB, a penny down at 107p, also saw substantial put option business.

The picture was much the same elsewhere in financials. Both Abbey Life (320p) and Legal & General (322p) turned off as speculative buyers took the day off.

At 520p, Standard Chartered continued to lie under the shadow of the rights issue despite its non-appearance in the interim report.

Property shares took on a distinctly dull appearance, clouded by press suggestions that the recent boom in London office rents may be approaching a peak. Worries about a possible further rise in interest rates also dampened investors' enthusiasm. Selling pressure, however, was relatively light with most of the day's business taking place between marketmakers as book positions were squared. Land Securities led the retreat with a fall of 15 to 555p, while Greycoat dipped 12 to 419p and British Land 8 to 342p.

Great Portland, down 9 at 351p, failed to benefit from news of the let of its Moorgate, EC2 development comprising 33,000 square feet at a rental in excess of £2m per annum.

Eurotunnel Units fell 12 to 313p as the company gave formal notice to British and French joint contruction groups for the Channel Tunnel that tunnelling is "well behind schedule" and "is not yet making sufficient progress to satisfy the project schedule".

Bridport-Gundry, in contrast, featured a gain of 8 at 243p in response to news that Charterhall has increased its stake to just over 24 per cent. British Syphon held steady at 131p following the acquisition of the Thomas Bell Group, a privately-owned company engaged in the distribution of automotive parts.

Blue Arrow traded on a quieter note (5.9m) compared with last week's high volumes and eased back to close 4 cheaper at 95p as recent bid speculation faded.

Williams Holdings, scheduled to reveal interim profits on August 30, nudged a shade higher to 294¼p in turnover of some 2.5m shares. Kitcat & Aitken's analysts are looking for half-year profits of around £57.5m compared with £18.1m. They point out, however, that although the figures will undoubtedly show a strong advance it is difficult to be precise about the result because they will include a full six months from Crown and almost a similar amount from Berger.

Store shares, although first in line to suffer from higher interest rates, showed only minor losses. in line with the rest of the market. Trading in Sears at 4.5m shares was somewhat below last week's levels, but the shares closed steadily at 143p, indicating that the recent buyer was still present.

GUS was also a feature, easing to 1090p in late trading after touching 1095 earlier. However, turnover of 314,000 "A" shares was well below recent levels.

Marks & Spencer drifted down to 167p without seeing much selling pressure.

A good trade developed in Marley, a few pence easier at 162p, awaiting tomorrow's half-year statement. Analysts are looking for interim pre-tax profits of £35-£36m.

English China Clays closed a shade easier at 459p; it was announced late that Industrial Equity (Pacific), a member of the Brierly Investments group, has acquired a 4.24 per cent stake in the company.

Haden MacLellan provided one the day's few bright spots, rising 12 to 154p on expansion prospects.

Leisure stocks were relaxed, with leading issues down with the wider market. Trusthouse Forte fell 4 to 248p with dealers noting activity in the traded options market early on. Ladbroke was down a similar amount at 448p. Its interim results are due on Thursday, with Citicorp Scrimgeour Vickers going for £100m against £55m, slightly higher than Kitcat & Aitken's £85m-90m.

Pleasurama, the subject of a bid from Mecca Leisure, was well traded and lost only 2 to 247p. In the context of previous day's volumes in Pleasurama shares, yesterday's 858,000 was mild, but in the context of wider business it was impressive. The bid for Hard Rock went unconditional yesterday.

Gnome Photographic surged 50 to 485p on small demand in a thin market. The company announced plans for a name change to Noble Raredon, with a possible 6-for-1 share split in the offing at the forthcoming annual meeting.

Western Motor were one of few stocks to buck the trend. A tighly held market, the shares challenged the high point of the year with a rise of 9 to 612p on expectations of good first-half results, due September 7, and talk of buoyant Lada sales. Evans Halshaw (346p) also stayed close to its 1988 peak awaiting today's interim figures. BZW forecasts profits of £3.6m against £2.4m last time. Lex Service, however, eased to 397p despite County NatWest WoodMac advice that the shares are "cheap at this level".

A quiet agency sector was enlivened only by activity in AGB Research, where a single buyer of 500,000 shares sent the stock 8 better to 186p. Dealers said the buy order was issued on Friday, but only filled yesterday. They were uncertain of the buyer's identity.

Advertising company Geers Cross rose 7 to 58p, after 60p. Turnover was described by dealers as heavy and there were unfocused takeover rumours lurking.

Two contrasting features cropped up in the usually lacklustre Shipping sector. Walter Runciman reverted to near pre-bid levels, closing 18 down at 313p following lapsing of the Telfos offer while Telfos rebounded 5 to 175p. Turnbull Scott, a small market at the best of times, gained 7 further to the year's highest of 177p.

Smith New Court, the quoted securities house, went lower despite weekend comment on the Rothschild stake to end 3 easier at 177p.

Paringa Mining & Exploration slipped back after the intimated conditional offer of A$1.68 (81p) cash from Poseidon. This follows the decision by Australian Gas Light and TMOC Resources to put out to tender their 54 per cent interest in Paringa. The latter's shares closed 3 off at 87p.

Turnover in the Traded Options Market was sharply reduced with 10,069 calls and 11,095 puts giving an overall total of 21,164 contracts. The major area of activity was Sears where 1,385 calls and 403 puts were recorded. TSB showed 1,700 puts and only 821 calls, while there were 983 calls and 116 puts in Hanson.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 29

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (55).

AMERICANS (3) CPC Int'l., Quaker Oats, Rep. NY Corp., CANADIANS (2) Denbus Res., Spiral Eng., BANKS (1) Westpac, BREWERS (1) Belhaven, BUILDINGS (1) Dunton Grp., CHEMICALS (1) Allda Hldgs., STORES (1) Church, ELECTRICALS (6) Ericsson, Fujitsu, Microlec Grp., Thorpe (F.W.), Wayne Kerr, Wholesale Ftt., ENGINEERING (2) Chamberlin & Hill, Chemring Grp., FOODS (2) Carr's Milling, Kraft Inc., INDUSTRIALS (13) Baird (Wm.), Creighton Labs., Dauphin, Elders IXL, Hornby Grp., Lincoln House Wrmts., Mayne Nickless, Pacific Dunlop, Securicor Grp., Stat-Plus, Stormgard, TNT, Waterman Partnership, INSURANCE (1) USLIFE, LEISURE (3) Hanimex, Quadrant Group, Tyne Tees, MOTORS (1) Jacks (Wm.), PAPERS (4) Dudley Jenkins, Goodhead Print, More O'Farr, Shelton (M.), PROPERTY (1) Ests. & Gen., SHIPPING (1) Turnbull Scott, TEXTILES (1) Yorklyde, TRUSTS (2) Mid Wynd Inv. Tst., Clayton Robard, OILS (3) Ranger Oil, Sun (UK) Royalty, OVERSEAS TRADERS (1) Polly Peck 9pc Ln., MINES (4) Barrack Mines, Pan Austn. Mining, MIM Hldgs., THIRD MARKET (1) Crown Eyeglass.

NEW LOWS (26).

BRITISH FUNDS (6) Exch. 11pc 1990, Treas. 5pc 1986-89, Treas. 3pc 1990, Treas. 8¼pc 1987-90, Fund. 5¼pc '87-91, Treas. 3pc 1991, CANADIANS (1) Sonora Gold, BANKS (2) FNFC 8.5pc Cv. Rd. Pf., Warburg (S.G.), BUILDINGS (2) Redland Cap. 7¼pc, Ward Hldgs., STORES (2) Vivat Hldgs., Wickes, ELECTRICALS (2) Microsystem, Security Tag Systems, INDUSTRIALS (2) J.S. Pathology, Tomkins (FH) 5.5pc Pf., LEISURE (1) A & M Grp. 10pc Cv. Uns. 1998, PROPERTY (3) Erostin Grp., Mountleigh, SOUTH AFRICANS (1) Anglo Am. Ind., OILS (1) North West Expl., MINES (2) Modder B Gold Hldgs., Anglovaal.

APPOINTMENTS

Toy marketing director at Kenner Parker Tonka

KENNER PARKER TONKA, one of the world's largest toy companies, has appointed Mr Nick Wright as UK marketing director. He joined from Tonka as marketing manager, girl's toys, in January. He replaces Mr Nigel Young who will be joining Adidas UK as marketing director. Kenner Parker Tonka's products include the best selling game Pictionary and toys such as Ghostbusters, Care Bears, MASK and Play-Doh.

■ Mr Walter Woyda has been appointed a director of the PICKWICK GROUP. He will be responsible for the group's video operations. He joined Pickwick in July 1987. Before that he was managing director of the ATV record and video operation, and was the first person to launch pre-recorded audio cassettes in the UK through Phillips record group in 1966. Mr Malcolm Kelley becomes a non-executive director of Pickwick. He is managing director of Ladybird Books (part of the Pearson group), and is also a director of Longman Group UK. Prior to joining Ladybird Mr Kelley was sales director with Penguin Books. Ladybird and Pickwick have a long established relationship with a joint venture in the book and cassette field. They have recently set up a second joint venture in the production and distribution of Ladybird children's videos. Pearson bought a 22.2 per cent holding in Pickwick last month.

■ Mr Richard English, who has recently retired as British Rail Pension Fund manager, is joining BLUE CIRCLE INDUSTRIES as property director.

■ Mr John F. Small has been made a non-executive director of W.A. HOLDINGS. He was group managing director of United Glass.

■ LAMONT & PARTNERS, member of the Financial Intermediaries Managers and Brokers Regulatory Association (FIMBRA), has appointed Mr Michael Marchant, formerly a director of P.E.Inbucon, to the main board of directors. He will be responsible for the development of the financial services division. Mr Richard Oliver has also been appointed to the main board. He will keep his responsibilities in the investment management division.

■ THE DUNEDIN PROPERTY GROUP, a wholly-owned subsidiary of the Life Association of Scotland, will expand from its Scottish base with the opening of a London office in Mayfair on September 5. Heading the operation will be Mr Iain Witherspoon, who will be responsible for Dunedin's English activities along with joint venture transactions.

■ Mr Charles Morland has become managing director of RIGGS A. P. BANK, London, a subsidiary of The Riggs National Bank of Washington D.C. He succeeds Mr Brian Rowntree who has retired, but who continues on the board for his retirement year as an executive director with special duties.

■ Mr George Steele has been appointed managing director of NBS, Weybridge, Surrey, a credit card and associated equipment supplier. He is succeeded as national sales manager, card products division, by Mr Ian Brown.

■ Mr George Stonier, WEDGWOOD GROUP company secretary and director of industrial relations, has been appointed chairman of Precision Studios. He is a member of the board of Waterford Wedgwood Holdings.

■ Mr Malcolm Iliff has been appointed senior manager - operations and administration, at the London branch of the AMSTERDAM-ROTTERDAM BANK.

Restructuring at London Underground

LONDON UNDERGROUND has appointed four managers to head each of its operations divisions as part of a major restructuring programme. They are Mr Nick Agnew for the Central and Bakerloo, Mr Bob Bayman for the Northern and Victoria, Mr Spencer McManus for the District and Piccadilly, and Mr Mike Scott for the Metropolitan and Jubilee. They each will be responsible for running a £100m business, says London Underground.

IBERIA, Spain's international airline, has appointed Mr Wenceslao Corral (above) as general manager to head operations in the UK and Ireland. Based in London, he will also take charge of the airline's business in Iceland. He was commercial vice president for Africa, the Middle East and Far East.

S African ferro-chrome rationed

By Jim Jones in Johannesburg

SOUTH AFRICA's ferro-chrome producers are struggling, not against sanctions but against soaring world demand which has forced them to ration supplies to some customers.

Further, rationing could soon become as important a factor in the world market for ferro-manganese, if trends continue.

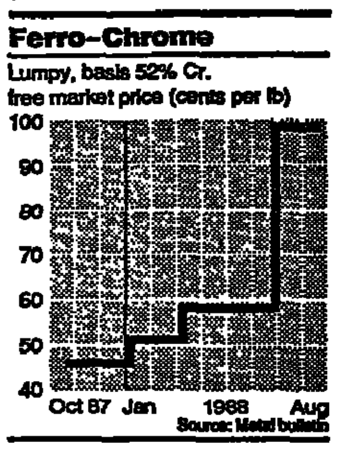
Ferro-chrome producer prices have been increased each quarter this year from just more than US50 cents a lb of contained chromium in January to 70 cents now. Higher prices are inevitable in the fourth quarter.

Those prices, though, are for alloy delivered under long-term contracts. Mr John Coyte, a marketing executive with Associated Ore & Metal (Assore), says spot metal currently sells for as much as $1.20 a lb on the free market, underlining market tightness.

Ferro-alloy producers are less willing to disclose prices for ferro-manganese. However, in round figures the price has risen from $320 a tonne cif, at the year's start, to about $550 for contract sales and about $650 in the spot market.

Ferro-Chrome

Lumpy, basis 52% Cr. free market price (cents per lb)



Source: Metal bulletin

Samancor, the largest ferro-chrome producer, estimates current demand is about 20 per cent greater than installed ferro-chrome capacity.

Its 300,000 tonne-a-year Ferrometals plant and 150,000 tonne-a-year Tubatse plant are operating at full capacity simply to satisfy the demand of stainless-steel makers with long-term sales contracts.

Steelmakers who have relied on spot purchases are being rationed. They are mainly in the US and, say some Johannesburg metals traders, rationing has led to allegations South Africa is applying counter-sanctions.

Ferro-chrome is specifically excluded from the list of South African products subject to US sanctions and local producers are adamant rationing in recent weeks is purely the result of market factors.

Mr Pieter du Plooy, who markets Samancor's ferro-chrome, said about half his company's US customers were affected by the rationing but that European and Japanese steelmakers buying spot material have also been rationed.

Paradoxically, some US steelmakers, those with so-called percentage contracts, are receiving more ferro-chrome than before. Their contracts bind Samancor to providing a fixed percentage of their needs.

Assore cut container-load deliveries to Korean and Taiwanese steelmakers, to ensure deliveries can be maintained to contractual customers in Europe, Japan and the US.

Mr Gert Jonker, the marketing director of Consolidated Metallurgical Industries, estimates world demand to be about 10 per cent greater now than the total 2.5m tonne-a-year installed capacity.

CMI operates two ferro-chrome production lines, each with annual installed capacity of 75,000 tonnes, and is considering adding capacity.

Mr Jonker said his company has no percentage contracts with customers, preferring so-called frame contracts, which do not bind buyer or seller to specific tonnages.

For now, higher dollar export prices, strong demand and a feeble rand are boosting alloy-makers' profits.

For example, Associated Manganese has just reported first-half sales of R208m (£35.9m, at the financial rand rate) against R96m in the first half of last year

Norway pessimistic of its oil prospects

By Karen Fossli in Stavanger

THE NORWEGIAN Petroleum Directorate yesterday issued by far its most pessimistic prognosis on Norway's oil-producing prospects.

The directorate is watchdog over the country's oil sector and adviser to the Ministry of Oil and Energy. Its Perspective Analysis report, traditionally used by Norwegian energy authorities for planning purposes, paints a grave picture.

It calls for a downward adjustment in expectations because of reduced activity in the petroleum sector, which will pose challenges in years ahead. It warns of:

- Declining prospects for new oil discoveries.
- Uncertainty on hydrocarbon prices.
- Limited sales potential from the country's rich gas resources.
- Little chance to maintain investment activity in the sector after the first half of the 1990s.

Norway began producing from the prolific Ekofisk field in 1971. Output has since climbed to more than 1m barrels of oil a day and about 28bn cubic metres of gas annually.

Government earnings generated by tax and royalties from the petroleum sector peaked in 1985 when they reached NKr47bn (£4bn). However, by 1986 they had fallen sharply to NKr18bn. This year's earnings are expected to fall even further, to NKr12.5bn.

The report cast a heavy shadow over the opening in Stavanger, centre of Norway's petroleum activities, of the Offshore Northern Seas conference and exhibition.

This is one of the world's largest meetings concerned with petroleum activities. Total attendance is forecast at 25,000.

The directorate also saw little hope of substantial oil discoveries in the Barents Sea, the area on which Norway has pinned its hopes of being able to sustain a high level of petroleum activity.

The gas sales outlook hinges on oil price developments - and doubts surround both markets.

Although Norway has secured contracts for sales of gas to West European buyers, the possibilities for further sales are uncertain.

Gas sales are crucial, not only to the future level of gas output but also to the development of oil and condensate fields in which sales of associated gas are necessary to ensure viability.

Ugandan initiative aims to aid small farmers

Catherine Bond on a scheme which may be a good social service but bad banking

MRS MARY NABUULE is 53 years old and has a two-acre banana plot in southern Uganda. She, like most Ugandan peasants, does not hold the land-title needed to obtain a commercial loan to develop her plot. Her husband abandoned her last year, leaving her with three children.

However, last October her prospects brightened. She became a beneficiary of a revolutionary scheme by the Uganda Commercial Bank. The scheme, first of its kind in Africa, grants character loans to small farmers, without security.

In Bangladesh, similar loans were given to small traders, resulting in excellent repayment records.

The aim of the UCB's Rural Farmers Scheme is to boost farm output by lending modest sums, mostly as agricultural input, to the peasant farmers who form the backbone of Uganda's economy.

Mrs Nabuule was granted a loan of 55,000 Uganda shillings to upgrade her banana crop. That was nominally worth $916 at the official exchange rate ruling then but would now be worth only $366 following the devaluation last month. At the time, she had barely enough food for her family.

She was interviewed by staff at the bank's Kyotera branch in Rakai district, about 110 miles south of Kampala, and its agricultural officer visited her plot. The officer has since supervised the work as part of the effort to monitor loan use.

Mrs Nabuule has 18 months to repay, in seasonal instalments at the end of each harvest. This is a struggle, because bunches of the green banana and *matooke*, a type of plantain which is a Ugandan staple, fetch only 200 shillings each in the local market.

Most of her loan came in the form of input — a hoe, wheelbarrow, machete and coffee husks for mulching — with cash to pay labourers. Her plantation has since improved visibly. So far, she has repaid 9,500 shillings.

Bank officials say the high ratio of input, usually 80 per cent, safeguards against farmers squandering money and provides equipment that would otherwise be unavailable, or unaffordable at black-market prices. For example:

- Fishermen, says Dr Frank Mwent, the UCB chairman, can repay the cost of an outboard motor with a week's catch where, previously, they were unable to find motors to buy.
- Poultry also seems a profitable industry once women have inputs. Outside Kyotera a woman repaid a third of her one-year loan in three months.

Farmers repay 100 per cent of the loan with interest of up to 32 per cent, slightly less than the new commercial interest rate of 40 per cent. Spiralling inflation, about 400 per cent a year, means loan terms work in the farmer's favour.

The bank, since launching the scheme in May last year, has lent more than 400m shillings to about 7,000 peasants in just eight of Uganda's 33 districts.

About half the recipients are women. The scheme aims to give 80 per cent of its loans to women, because they account for 80 per cent of Uganda's farm output. The bank encourages women to form co-operatives to procure loans.

Dr Mwine says response to the scheme has been overwhelming. However, cash flow problems are holding up new loans and in many areas farmers are having to wait. Government prices for crops are low.

The bank is 100 per cent government-owned and, like other banks in Uganda, it has fallen victim to new curbs on government spending that appear to have cut the amount of cash available.

Vital foreign aid for input also falls far short of the US$100m a year in revolving credit that Dr Mwine thinks necessary to grant loans nationwide and to make a real impact on agriculture.

The scheme has attracted more than US$20m in foreign aid, including US$18m from the African Development Bank. Dr Mwine is trying to convince potential donors of the merits of a scheme that directly benefits the poor and bypasses government ministries.

He says the scheme's recovery rate is quite high, a total of about 20m shillings to date. In a recent interview he said: "There is no defaulting. To the contrary, most of the money is repaid within a given period.

"I have a feeling these people will be more honest than urban people. Peasant farmers look at loans as a burden and think of it as settling a debt with God.

"We have a hard time persuading them that once they've repaid the loan, they are the best customers for a second line of credit."

However, other commercial banks doubt that all the inputs reach farmers and say they will not emulate UCB's rural branch expansion until communications are better.

One banker in Kampala said: "The Rural Farmers Scheme is a great social service but bad banking."

Hunt ruling pleases Peru

By Our Foreign Staff

THE Peruvian Government yesterday treated the $134m US court ruling against the Hunt brothers of Texas for manipulating the silver market as a major vindication.

The suit was filed by Minpeco, the state mining concern. It was against the Hunt brothers and 72 other defendants and wasinitiated in 1981 with misgivings, given the legal complexities of proving a case for damages in silver commodities dealing.

Mr Mark Cymrot, the Minpeco lawyer, said after Saturday's ruling by a Manhattan jury : "Minpeco came to the United States to operate in sophisticated markets, believing that they were loyal and honest, but the system was manipulative and dishonest. Minpeco had faith in the legal system and has been rewarded."

Peru as the world's major silver exporter was anxious also demonstrate that the market could not be manipulated no matter how powerful and well-known the speculators might be. An offer of an initial $20m out-of-court settlement was rejected by Minpeco.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium standard	−1,500	to 53,325
Aluminium high grade	−2,525	to 58,750
Copper Grade A	+2,875	to 124,275
Lead	−1,025	to 64,725
Nickel	−30	to 2,598
Zinc	+875	to 34,600
Tin	−270	to 12,975
Silver (oz).	+70,000	to 14,962,000

Saudi Arabia cuts outlay on wheat output incentives

By Finn Barre in Riyadh

SAUDI ARABIA has begun to cut outlay on its wheat production incentives.

The kingdom, most of which is desert, has become a net wheat exporter through an expensive system of farm subsidies.

However, it is trimming its Sr2,000 ($533)–a–tonne wheat output subsidy to Sr1,500, but only for larger wheat-producers. Smaller producers will continue to receive the old subsidy.

The Saudi Ministry of Agriculture and Water will also require the country's six large, publicly-held agricultural companies to plant half their grain crop in barley and half in wheat. The ratio is one-third barley, two-thirds wheat.

The overall effect on the kingdom's wheat crop will not be all that great, say most experts, because the big six companies only account for between 10 per cent and 15 per cent of the country's total wheat crop.

However, if all producers farming more than 2,000 hectares are included in the subsidy cut, close to half the country's total wheat output could be affected.

Saudi Arabia began its wheat-subsidy programme more than a decade ago when annual output was 3,000 tonnes. The Government bought wheat at high prices and provided free land, subsidised fuel, electricity, loans, machinery and water. It had two goals:

- To become self-sufficient in wheat.
- To redistribute oil wealth to rural areas.

The combined effect of the wheat subsidies amounted to almost 15 times the world wheat price. The actual government wheat-purchase price was Sr3,500 a tonne.

The Government, alarmed at growing wheat surpluses – domestic consumption is only 800,000 tonnes a year – cut subsidies to Sr2,000 a tonne in 1984 when total output was 1.3m tons. However, the response was disappointing and output surged every year since. Last year's harvest bill was Sr5.6bn.

Diplomats and at least one of the big agriculture companies confirmed the agriculture ministry had announced its aim to implement the subsidy cut and the shift to barley output.

Gold struck in volume in Israel

By Laura Blumenfeld in Jerusalem

GOLD HAS been struck in Israel in potentially commercial volume, attracting mining interest from abroad. The find was made not far from the biblical King Solomon's copper mines at the tip of the Negev peninsula.

The Energy Ministry plans to put out an international tender to attract foreign exploration efforts if further research indicates extracting gold would be economically viable.

Israeli government geologists found big concentrations of gold in surface samples of stream sediments in an area covering several square kilometers of the southern Arava region.

Yesterday Dr Yaacov Mimran, head of the Geological Institute, said the concentration reached two grams a tonne of earth, a level found in several active Brazilian and South African goldfields. Gold usually occurs at several milligrams a tonne. The total volume of the precious metal has not been determined.

The gold was discovered at the end of a year-long national survey by the ministry's Geological Institute.

Mana Minerals, a private, Canadian-registered company, signed an exploration contract with ministry representatives three months ago authorising it to search for gold at five sites. Work is to begin next month.

UK milk farms 'unshaken by EC curb'

By Bridget Bloom, Agriculture Correspondent

THE European Community's imposition of milk quotas in 1984 had not shaken up the structure of milk production in England and Wales, a report by Britain's Ministry of Agriculture said.

The report covers only England and Wales and did not study those who, because of quotas, left the industry.

It said the total number of dairy farms had continued to fall at an annual rate only slightly faster than in the pre-quota period.

It said "the effects of the introduction of quotas have been neither dramatic nor disastrous" for those farmers who stayed in milk output.

The report notes that in general farmers sustained incomes through efficiencies, including switching from feeding concentrates to more effective use of grassland. Spending on concentrates in real terms in 1986-77 was little more than half that in 1976-77.

The report said dairy farms numbered 43,600 in 1980 and 37,400 in 1986; the number of cows fell to about 2.5m.

Average herd size rose in 1976-86 from 53 cows to 72. The numbers of regular family and hired workers fell from 202,000 in 1980 to 178,000 in 1986.

Milk yields per cow fell after introduction of quotas but by 1986-77 had recovered to pre-quota levels of about 5,200 litres a year per cow.

Milk per cow in real terms fell by about a fifth between 1976-77 and 1984-85 but improved slightly between 1984-85 and 1986-77.

The feeding of silage, made from grass, has risen rapidly since the mid-1970s, from 2,910 kg per cow in 1976-77 to 8,004 kg in 1986-87. The amount of concentrate fed to each cow fell from a peak 1,714 kg in 1982-83 to 1,459 kg in 1986-77.

The report said the impact of quotas was largely confined to adjustments in the dairy sector. There was little spill-over effect on other parts of the farming industry.

Milk Production Before and After Quotas. HMSO. £8.

WORLD COMMODITIES PRICES

LONDON MARKETS

STERLING'S weakness continued to *buoy up copper prices on the London* Metal Exchange yesterday. Early gains following Friday night's strength on the New York Comex were trimmed back in mid-morning as sellers were encouraged by the announcement of an unexpected fall in LME warehouse stocks last week. But as the currency factor helped to reassert the upward *trend bullish speculators returned in* force. By the close the cash grade A position had reached a 6-year high of £1,349.50 a tonne, adding £33.50 to last week's £46.50 advance. And three months metal was up £38 at £1,337.50 a tonne. Cash zinc's £10 rise to £798 a tonne was also largley due to the falling pound, but there was also dollar-based buying triggered by a fall through the $1,300-a-tonne support point.

SPOT MARKETS

Crude oil (per barrel FOB September)		+ or -
Dubai	$13.43-3.45q	+.115
Brent Blend	$15.13-5.17y	+.155
W.T.I. (1 pm est)	$15.80-5.85y	+0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$181-184	+8
Gas Oil	$131-133	+1
Heavy Fuel Oil	$69-71	-0.5
Naphtha	$139-141	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$432.25	+0.25
Silver (per troy oz)♣	671c	+4
Platinum (per troy oz)	$536.4	+1.9
Palladium (per troy oz)	$123.5	-0.5
Aluminium (free market)	$2715	-75
Copper (US Producer)	104⅝-105c	
Lead (US Producer)	35c	
Nickel (free market)	640c	
Tin (European free market)	£4440	+80
Tin (Kuala Lumpur market)	19.54r	+0.07
Tin (New York)	344.5c	
Zinc (Euro. Prod. Price)	$1275	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	115.26p	-0.81*
Sheep (dead weight)†	168.06p	-8.15*
Pigs (live weight)†	68.71p	+0.12*
London daily sugar (raw)	$274s	-8
London daily sugar (white)	$259s	-6
Tate and Lyle export price	£272.0	-3.5
Barley (English feed)	£100.75	-1.25
Maize (US No. 3 yellow)	£137.5x	-2.5
Wheat (US Dark Northern)	£121.25x	+1.00
Rubber (spot)♥	73.00p	+0.75
Rubber (Sep)♥	79.00p	+0.75
Rubber (Oct)♥	79.25p	+0.75
Rubber (KL RSS No 1 Sep)	341.0m	-1.5
Coconut oil (Philippines)§	$545w	-10
Palm Oil (Malaysian)§	$427.5y	
Copra (Philippines)§	$410	
Soyabeans (US)	$209.5	
Cotton "A" index	56.4c	-0.5
Wooltops (64s Super)	647p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Sep. q-Oct. w-Sep/Oct. x-Aug/Sep. s-Sep/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Sep	890	880	890 870
Dec	872	865	873 853
Mar	859	857	862 845
May	868	867	868 854
Jul	883	881	883 868
Sep	898	896	898 885
Dec	936	936	938 922

Turnover: 3429 (6408) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 19: 1090.64 (1113.10) :10 day average for Aug 22: 1134.05 (1144.75) .

COFFEE £/tonne

	Close	Previous	High/Low
Sep	1040	1018	1046 1030
Nov	1058	1030	1062 1043
Jan	1052	1027	1052 1036
Mar	1028	996	1032 1015
May	1030	1005	1030 1018
Jly	1030	1009	1030 1023
Sep	1050	1015	

Turnover: 3890 (5270) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Aug 19:Comp. daily 110.60 (108.47); . 15 day average 105.51 (105.42).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Oct	237.20	239.20	238.60 233.00
Dec	235.00	235.60	
Mar	224.40	226.00	227.00 221.40
May	219.00	221.00	219.20
White	**Close**	**Previous**	**High/Low**
Oct	256.00	256.00	255.00 252.00
Dec	254.00	252.00	251.50
Mar	255.00	254.50	252.00 249.50
May	255.00	253.50	253.00
Aug	255.00	254.50	253.00

Turnover: Raw 3294 (7359) lots of 50 tonnes. White 343 (952) .
Paris- White (FFr per tonne): Oct 1645, Dec 1630, Mar 1630, May 1640, Aug 1640 Oct 1645

GAS OIL $/tonne

	Close	Previous	High/Low
Sep	133.25	132.75	134.25 133.00
Oct	135.75	135.25	136.75 135.50
Nov	138.00	137.25	138.50 137.50
Dec	139.50	139.00	140.25 139.00
Jan	137.00	135.75	138.25 136.75
Feb	134.75	134.75	135.75 134.50

Turnover 2502 (2474) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	106.95	106.65	107.10 106.60
Nov	109.60	109.70	109.95 109.60
Jan	112.70	112.70	112.95 112.60
Mar	115.25	115.35	115.60 115.25
May	118.25	118.15	118.25
Barley	**Close**	**Previous**	**High/Low**
Sep	101.25	101.60	101.40 101.20
Nov	104.70	104.95	104.90 104.65
Jan	107.90	108.10	108.15 107.90
Mar	110.20	110.20	110.30 110.20
May	112.20	112.20	112.20

Turnover: Wheat 237 (297) . Barley 144 (392) .
Turnover lots of 100 tonnes.

POTATOES £/tonne

	Close	Previous	High/Low
Nov	66.0	66.0	65.0
Feb	80.0	79.0	
Apr	99.5	98.5	99.5 96.0
May	109.5	106.0	108.5 104.8

Turnover 460 (526) lots of 40 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	2735-45	2760-80		2710-5		
3 months	2670-80	2710-30		2630-50	2670-90	8,862 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 18,050 tonne.
Cash	1603-7	1575-80	1605	1577-80		
3 months	1525-6.5	1505-7	1527/1508	1506-8	1527-8	44,113 lots
Copper, Grade A (£ per tonne)						Ring turnover 42,450 tonne
Cash	1349-50	1315-7	1350/1309	1309-10		
3 months	1337-8	1299-300	1346/1301.5	1301-2	1339-40	62,738 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1300-5	1260-5		1265-70		
3 months	1295-300	1260-5		1260-5		33 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	666-9	662-5		658-61		
3 months	683-6	676-9		672-5	680-5	522 lots
Lead (£ per tonne)						Ring turnover 8,325 tonne
Cash	351-3	350-2	351/350	351-2		
3 months	357-8	356-7	359/354	353-4	357-9	11,485 lots
Nickel ($ per tonne)						Ring turnover 804 tonne
Cash	14200-400	14000-200	14250	14200-50		
3 months	13600-700	13450-500	13900/13600	13700-50	13600-700	6,026 lots
Zinc (£ per tonne)						Ring turnover 8,625 tonne
Cash	797-9	787-9	782/780	779-80		
3 months	786-8.5	779-80	793/772	771-2	792-3	22,782 lots

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	168.50	173.00	174.00 168.00
Dec	176.50	183.00	180.00 176.00

Turnover 224 (46) lots of 20 tonnes.

FREIGHT FUTURES $10/Index point

	Close	Previous	High/Low
Aug	1255	1263	1260 1255
Sep	1390	1392	1390 1378
Oct	1463	1460	1465 1451
Jan	1495	1505	1531 1480
Apr	1525	1536	1535 1520
BFI	1244	1246	

Turnover 182 (189)

TEA

There were 20,538 packages on offer including 800 offshore, reports the Tea Brokers Association. Good general demand at irregularly dearer rates. New season's assams met fair competition with a few improved quality teas realising higher prices. Brighter liquoring East Africans and coloury mediums again showed advances but plainer descriptions were barely steady. Central Africans remained fully firm. Ceylons continued a strong feature and mostly sold athigher price levels. The small quantity of offshore tea sold readily at firm rates. Quotations: quality 151p (158p), medium 95p (92p), low medium 78p (77p).

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	432-432½	257½-258
Opening	430½-431	254½-255
Morning fix	429.7	254.682
Afternoon fix	431	256.09
Day's high	432¼-432¾	
Day's low	429¾-430¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	445-450	265-268
Britannia	445-450	265-268
US Eagle	445-450	265-268
Angel	441-446	263¼-266¼
Krugerrand	431-434	257-259
New Sov.	102-103	61-61¾
Old Sov.	102-103½	61-62
Noble Plat	546.65-553	323.5-327.35
Silver fix	**p/fine oz**	**US cts equiv**
Spot	392.50	662.00
3 months	403.85	676.45
6 months	415.05	691.80
12 months	436.60	721.75

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sept	Nov	Sept	Nov
2550		204		79
2700		125		147
2850		71		240
Aluminium (99.5%)	**Calls**		**Puts**	
2500	205		10	
2650	94		48	
2800	30		133	
Copper (Grade A)	**Calls**		**Puts**	
2100	182	202		70
2200	82	146		111
2300	49	101		165

US MARKETS

Continuing moderate temperatures *coupled with expectations of light rains* led to further long-liquidation in the grains and soybean complex as the markets closed sharply lower, reports Drexel Burnham Lambert. Cattle futures were under pressure as the markets underwent technical corrections to recent strength, pork bellies and live hogs eased under the *influence of larger hog runs.* The precious metals firmed with local-and trade buying as the U.S. dollar weakened, copper continued to rally with mixed buying reflecting a constructive technical situation. The energy complex remained quiet, firming in light volume with position-squaring noted in the expiring September crude oil contract. Coffee rallied on speculative short-covering in advance of first notice day on September, running into trade profittaking and producer price-fix *selling. Sugar eased in line with the* grains markets with mixed participation in light volume. Cocoa rallied on technical short-covering.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	433.6	431.7	434.0	430.7
Sep	434.9	433.1	0	0
Oct	437.4	435.6	438.7	433.7
Dec	443.2	441.4	444.5	439.8
Feb	449.4	447.6	450.8	447.5
Apr	455.4	453.6	452.6	452.6
Jun	461.4	459.6	460.0	460.0
Aug	467.6	465.7	0	0
Oct	473.8	471.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	546.2	534.7	554.0	528.2
Jan	551.8	540.7	559.5	535.5
Apr	558.7	547.7	563.5	557.0
Jul	565.7	554.7	570.0	570.0
Oct	573.2	562.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	673.0	665.7	0	0
Sep	674.8	667.0	678.5	660.5
Oct	679.5	672.5	0	0
Dec	689.9	682.8	694.5	677.0
Jan	695.2	688.1	0	0
Mar	706.2	699.0	710.0	692.5
May	717.1	709.7	0	0
Jul	728.7	721.1	720.0	720.0
Sep	740.1	732.3	735.0	735.0
Dec	757.2	749.2	755.0	755.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	100.40	97.90	100.40	100.40
Sep	100.50	97.85	100.60	96.70
Oct	99.35	96.95	0	0
Dec	98.25	95.55	98.40	94.80
Jan	96.75	194.35	0	0
Mar	93.75	92.00	93.75	91.40
May	91.75	90.10	91.75	91.00
Jul	90.00	88.60	90.00	90.00
Sep	88.25	87.15	88.50	87.50
Dec	86.50	86.65	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	15.79	15.73	15.85	15.66
Oct	15.90	15.85	15.97	15.85
Dec	16.08	16.06	16.15	16.08
Jan	16.15	16.12	16.17	16.10
Feb	16.17	16.14	16.19	16.15
Apr	16.20	16.18	16.20	16.20

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	4470	4448	4485	4440
Oct	4540	4521	4580	4515
Nov	4605	4580	4620	4595
Dec	4675	4647	4680	4650
Feb	4670	4647	4675	4660
Mar	4555	4502	4555	4520
Apr	4420	4377	4425	4425
May	4310	4292	4340	4310
Jun	4265	4242	4285	4275

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1323	1321	1329	1300
Dec	1357	1352	1362	1340
Mar	1348	1345	1351	1336
May	1363	1356	1363	1347
Jul	1383	1380	1377	1368
Sep	1408	1405	1408	1400
Dec	1443	1443	1446	1435

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	125.26	124.69	129.00	124.50
Dec	127.19	125.69	129.80	126.40
Mar	126.89	124.50	127.00	125.40
May	125.60	124.08	128.75	124.50
Jul	125.25	122.50	128.00	124.50
Sep	123.50	122.50	125.00	125.00
Dec	123.00	123.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	10.13	10.23	10.25	9.98
Jan	8.90	9.18	0	0
Mar	9.72	9.87	9.98	9.70
May	9.55	9.62	9.59	9.49
Jul	9.45	9.51	9.58	9.42
Oct	9.30	9.40	9.46	9.30

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	52.10	52.75	53.50	52.10
Dec	50.50	50.67	51.44	50.13
Mar	50.55	50.90	51.55	50.45
May	50.90	51.30	51.80	50.90
Jul	51.30	51.75	52.10	51.30
Dec	52.70	53.20	53.45	52.60

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	191.25	190.70	192.40	190.30
Nov	182.95	182.90	184.00	182.50
Jan	174.45	174.85	175.20	174.25
Mar	172.05	173.50	173.10	172.00
May	170.50	171.75	0	0
Jul	169.50	170.75	0	0
Sep	169.25	170.75	169.50	169.50
Nov	169.25	170.75	0	0
Jan	169.25	170.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug 19	Aug 18	mnth ago	yr ago
1850.0	1850.4	1967.0	1661.7

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	132.98	132.86	136.32	128.64
Futures	136.31	136.30	141.67	130.06

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	837/0	869/4	855/0	830/0
Sep	841/0	871/0	858/0	841/0
Nov	851/4	881/4	868/0	851/4
Jan	852/0	882/0	869/0	852/0
Mar	847/0	877/0	864/0	847/0
May	831/4	861/4	852/0	831/4
Jul	820/2	850/2	840/0	820/2
Aug	792/0	822/0	800/0	792/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	25.50	26.55	26.00	25.45
Sep	25.52	26.52	26.20	25.52
Oct	25.80	26.80	26.40	25.80
Dec	26.25	27.25	26.90	26.25
Jan	26.53	27.53	27.20	26.53
Mar	26.85	27.85	27.50	26.85
May	27.05	28.01	27.60	27.01
Jul	26.75	27.25	27.40	26.60

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	267.5	277.2	274.0	267.0
Sep	264.0	274.0	272.0	264.0
Oct	261.2	271.2	267.0	261.2
Dec	259.7	269.7	266.0	259.7
Jan	256.0	265.5	262.5	255.5
Mar	250.0	259.2	258.0	249.2
May	245.0	255.0	251.0	245.0
Jul	240.0	250.0	246.0	240.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	277/2	287/2	283/4	277/2
Dec	286/0	295/6	292/0	285/6
Mar	290/2	299/6	295/4	290/0
May	291/4	299/4	295/0	290/0
Jul	287/0	295/2	291/0	286/0
Sep	272/4	278/0	276/0	272/4
Dec	261/4	266/2	264/4	260/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	381/0	391/6	387/4	379/0
Dec	393/4	404/4	403/4	392/0
Mar	396/0	403/6	401/0	392/0
May	370/0	380/0	379/0	370/0
Jul	344/4	353/0	351/4	343/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	70.70	71.67	71.60	70.60
Dec	71.57	72.95	72.87	71.50
Feb	72.97	73.77	73.85	72.85
Apr	74.47	74.97	74.92	74.32
Jun	73.85	74.40	74.35	73.85
Sep	71.20	71.20	0	0
Oct	72.50	0	74.00	72.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	40.37	41.46	41.25	40.30
Dec	42.65	43.85	43.65	42.60
Feb	44.27	45.42	45.45	44.17
Apr	43.40	44.35	44.40	43.35
Jul	47.90	48.40	48.25	47.80

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	36.25	37.00	37.00	35.90
Feb	53.32	54.17	54.20	52.35
Mar	53.70	54.25	54.10	52.70
May	54.72	55.50	55.50	54.10
Jul	54.62	55.52	55.70	54.10
Aug	52.12	54.05	53.80	52.12

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · AUSTRALIA · HONG KONG · SINGAPORE · JAPAN

[illegible]

INDICES

NEW YORK — DOW JONES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CANADA

TORONTO

2pm prices August 22

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2pm prices August 22

Continued from page 41

Stock	Div.	Sales 100s	High	Low	Last	Chng
Scitex		9 1342	6½	6	6½	
Seagate		6 5339	9¼	8⅞	9	− ⅛
SEEQ		9 159	6½	6⅛	6¼	− ⅛
Selbel	.80	8 21	13	13	13	
Selctlns	1.24	6 67	25½	24¾	24¾	− ½
Sensor	.10	410	9⅛	8¾	8¾	− ¼
Sequent		39 96	17¾	17½	17½	
SvcMer	.06	10 3036	11⅛	10⅞	10⅞	− ⅛
SvOak	.06f	329	9	8⅝	8⅞	
ShrMed	.80	10 943	16⅛	15⅞	15⅞	− ½
TBC s		9 620	12	11½	11½	− ⅜
TCA	.32	57 49	32	31½	32	+ ½
TCBY	.01e	21 616	12⅞	12⅛	12⅛	− ½
TCF	.10e	118	9¼	8⅞	8⅞	− ⅜
TPI En		29 524	5	4⅞	4⅞	− ⅛
Tandon		4 1041	1 15-16	1 13-16	1 13-16	− 1-16
TchDta		14 319	15½	15¼	15¼	− ¼
Tecum	3.20a	11 14	148½	146½	148½	+ 2
VWR	.80	17 129	18½	18	18	− 1
ValidLg		31 216	6	5⅞	5⅞	− ⅛
ValFSL		17 48	14¼	13¾	13¾	− ⅜
ValNtl	1.44	21 350	30⅛	29⅞	29⅞	− ¼
Valmnt	.60	8 4	39	39	39	− ½
VgrdCl		232	19½	19	19	− ⅜
Varitm		23 28	21⅞	21⅞	21⅞	− ½
Varlen	.60b	13 26	20⅞	20¼	20¼	− ½
Veronx g		244	4 7-16 d	4¼	4 5-16	− 3-16
XL Dt s		15 110	24½	24	24	
XOMA		452	14⅝	14	14	− ⅝
X-Rite s		14 258	10½	10¼	10¼	− ¼
Xicor		15 295	6⅝	6⅜	6⅜	− ⅛
Xidex		3990	9	8⅞	9	
Xylogic		7 10	6¼	6¼	6¼	− ⅛
Xyvsn		3 89	5¼	5	5	− ¼
YlowF s	.70	16 752	25⅞	25⅜	25⅜	− ⅜
Zondvn		29 45	13¼	13¼	13¼	

TOKYO - Most Active Stocks

Monday 22 August 1988

	Stocks Traded	Closing Prices	Change on day
Sumitomo Heavy	70.64m	875	+28
Nippon Express	49.52m	1,510	+40
NKK	44.30m	687	-20
Kawasaki Steel	33.58m	769	-8
Nisshin Steel	13.88m	1,160	uch
Tokyu Corp	13.83m	1,850	+20
Mitsubishi Oil	12.30m	1,040	-10
Nippon Steel	11.63m	727	-9
Toshiba	11.58m	1,170	uch
Nippon Light Metal	10.49m	817	+58

3pm prices August 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
27⅞	14	AAR s	.36	1.5	16	22	24½	24	24⅛	– ¼
10	10	ACM n				415	10	10	10	
12⅞	8¾	ACMIn n1.40e	13.			544	11⅛	11⅛	11⅛	– ⅛
12⅛	10⅞	ACMSc n1.26	12.			584	11	10⅞	10⅞	– ⅛
10⅛	8⅞	ACMSp n.17e	1.9			296	9⅛	9	9⅛	
27¾	10½	AGS			20	373	27¾	27½	27⅝	
7⅛	2⅝	AMCA				20	3⅞	3¾	3⅞	– ⅛
8¼	3¼	AM Intl				854	5½	5½	5½	+ ⅛
29⅛	17	AM Inl pf 2	9.4			50	21½	21⅛	21¼	– ¼
64½	28¾	AMR			9	746	43⅛	42¼	42¼	–1
27	25	AMR pf 2.67	11.			4	25⅛	25¼	25¼	– ⅛
11⅞	6⅞	ARX			10	24	7⅞	7⅝	7⅞	
70½	35⅛	ASA	3	8.2		462	36⅞	36⅛	36½	+ ⅛
22⅝	9½	AVX	.06e	.3	12	561	19⅝	19⅛	19¼	– ⅛
65⅝	40	AbtLab 1.20	2.7	15	1921	45⅝	45	45	– ⅝
27¼	15⅞	Abitibi g	1			58	17¼	17⅛	17¼	
18⅛	8½	AcmeC	.40	4.1		14	9⅞	9¾	9¾	
10	6⅝	AcmeE .32b	4.7	49	1	6⅞	6⅞	6⅞	– ⅛
20	14⅞	AdaEx 3.05e	20.			44	15⅝	15½	15½	– ⅛
19¾	6⅞	AdamMl .24	1.5	15	10	16⅛	16¼	16¼	
24⅞	7½	AMD				1278	11⅞	11½	11⅝	– ⅛
59⅜	25¾	AMD pf	3	8.5		70	35¼	35¼	35¼	– ¼
10⅛	4⅝	Adobe				62	7⅞	7⅝	7⅞	
20	16¼	Adob pf 1.84	10.			15	17¾	17¾	17¼	– ⅛
21¾	17½	Adob pf 2.40	11.			1	21⅛	21⅛	21⅛	+ ¼
12¾	6⅞	Advest	.12	1.4	16	62	8¾	8⅝	8¾	
64⅛	39½	AetnLf 2.76	5.8	7	2327	48½	47⅞	47½	–1⅛
38¾	20½	AfilPb s	.20	.8		583	25⅝	25⅛	25⅝	
23¾	13	Ahmans .88	5.9	10	2565	15½	15	15	– ⅜
4½	1¾	Aileen				736	4⅞	4⅛	4⅛	
58⅞	29	AirPrd 1.20	2.8	11	739	42⅞	41⅞	42⅛	– ¾
27⅞	11⅛	AirbFrt .60	3.9	21	83	16	15¾	15⅞	– ⅛
18¾	6¾	Airgas			17	202	14⅝	14	14⅝	+ ⅜
20	13½	Airlease 2.30	12.	10	36	18¾	18½	18⅝	– ⅛
9¾	7⅝	AlaP dpf.87	9.6			5	9⅛	9⅛	9⅛	– ⅛
97¼	81½	AlaP pf	9	9.9		z620	91	90¾	91	
100	86½	AlaP pf 9.44	10.			z60	94¾	94¾	94¾	+ ½

Continued on Page 41

NYSE COMPOSITE PRICES

Continued from previous Page

— X–Y–Z —

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
84⅝	50	Xerox	3	5.7	9	1051	53¾	53	53	−1
36	19⅝	XTRA	.72	2.3	13	4	31½	31½	31½	
29⅝	19½	XTRA pf1.94		7.4		19	26⅛	26¼	26⅛	− ⅛
59¾	17½	Yorkin			15	70	52¼	51¼	52⅛	+ ⅜
5⅞	2¼	Zapata				150	2⅞	2¾	2¾	− ⅛
37	13½	Zayre	.40	1.8	144	2518	22⅛	21⅛	21⅝	− ⅝
18⅛	9¾	Zemex	.40	3.1	16	3	12⅞	12⅞	12⅞	− ¼
31⅜	19	ZenithE				1322	20⅝	20¼	20⅜	+ ¼
10¼	9½	Zenith n .25e		2.6		91	9⅞	9⅝	9⅞	
8⅝	1	vjZenLb				139	1¼	1⅛	1⅛	− ⅛
21¾	12⅛	ZenNtl .80b		4.4	8	12	18¼	18	18	− ¼
20⅛	11⅜	Zero	.40	2.6	14	50	15⅝	15⅜	15⅜	− ⅛
28½	15	Zurnin	.68	3.2	13	89	21½	21⅜	21⅜	− ⅛
11¾	7⅛	Zweig	1.05e	10.		329	10¼	10	10⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices August 22

OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 22

Continued on Page 39

FINANCIAL TIMES

Tuesday August 23 1988

AMERICA

Equities decline as focus stays fixed on currencies

Wall Street

EQUITIES suddenly went into reverse in the early afternoon yesterday after moving in a narrow range all morning as attention remained focused on events in the foreign exchange markets, *writes Janet Bush in New York.*

At 2pm the Dow Jones Industrial Average was down 18.49 at 1,997.51 after hovering virtually unchanged from its pre-weekend close in low volume of 74m shares.

US Treasury bond prices were quoted up to 1/16 point lower at midsession, with the yield on the benchmark long bond edging higher to 9.41 per cent.

No major economic releases were slated for yesterday and there was little to give either market direction. Both markets have reacted fully to economic news in recent months showing robust demand, to a half point rise in the US discount rate to 6.5 per cent and to a gradual tightening of monetary policy to bring Fed Funds up above 8 per cent.

But no-one is sure where to go from here, and volume in both stocks and bonds is extremely low.

However, there are a number of indicators due for release this week that could provide a lead. Most important is today's consumer prices figures for July. Forecasts for the CPI are for a rise of 0.4 per cent to 0.5 per cent. Much will depend on what the figures look like stripped of food and energy prices.

Durable goods orders data for July are also due today and are expected to show a hefty decline after June's extremely strong rise.

On Thursday, the markets will be looking closely at revisions for second quarter GNP. Economists expect an upward revision but much depends on how large it is. Lastly, Friday sees the release of personal income and spending figures.

Overall, analysts appear to believe that markets are vulnerable to bad news and unlikely to derive much encouragement from good news.

The dollar continued to find strong demand yesterday and a number of European central banks and the US Federal Reserve appeared to be intervening on a small scale against the US currency.

Among featured stocks yesterday was Cherokee Group, which rejected a $13-a-share offer by an investment group as inadequate. The company's shares added $1¼ to $12⅝ in over-the-counter trading.

Wickes jumped $3⅜ to $12⅞ after the company said it had agreed to be taken private by a group led by its chairman,

CP National rose $1⅝ to $34⅝. The company has agreed to a takeover by Alltel in a stock swap. Alltel slipped $¼ to $34¼.

Varo, manufacturer of military electronic equipment, jumped $2¼ to $25¼ after it said it had accepted a takeover offer of $25 a share from Imo Delaval whose stock fell $1¼ to $16⅝.

Canada

SELLING hit golds and energy stocks to leave share prices down slightly at midday. Industrials and base metal miners were flat in light trading.

The composite index lost 10.60 to 3,268.60 as declines outpaced advances by 287 to 177 on volume of 7.9m shares.

Maclean Hunter led the most actives, unchanged at C$10.

Thailand learns to dance to a foreign tune

Burgeoning foreign interest in Thailand's stock market this year has had a psychological impact on trading, bringing new influences to bear on investors.

As the economy heads for growth of 8 to 9 per cent, the Securities Exchange of Thailand has become increasingly attractive to foreigners and locals alike.

Investment funds specialising in Thailand are now listed in New York, London, Tokyo, and Singapore.

The effect has often been that prices respond more to monthly US trade figures than to what is happening in Thailand, as investors anticipate action by foreign buyers that does not always materialise.

In contrast, political uncertainty at home, including rumours of a coup following the dissolution of parliament on April 29, has had little impact on this year's steady climb. Investors seem to believe that the economy will forge ahead whatever shape the government takes.

Between October 19 and mid-December last year, the effect of the global crash was to halve the SET index.

Confidence has recovered significantly this year. Two weeks ago the index reached 471.45, within a hair's breadth of the October 18 all-time high of 472. However, it has since slipped to 432 amid nervousness over falls on Wall Street this month. The index is a weighted average of all share prices, adjusted periodically to account for the effect of rights issues on prices.

The 140-share market, which was capitalised at baht 252bn ($10bn) at the start of August, has regained its popularity over the last two to three years. Investor demand has outstripped the supply of shares despite a steady flow of new listings and flotations.

Daily turnover this year has been about baht 745m – roughly double last year's.

The 10 biggest stocks, mainly large banks and cement companies, account for about 52 per cent of capitalisation. Among the leading blue chips are Bangkok Bank, Thai Farmers Bank, Siam Commercial Bank, Siam Cement and Siam City Cement.

Charoen Pokphand, an agri-business concern said to be Thailand's largest corporate group, and the prestigious Oriental Hotel were among this year's new listings. Nearly 100 listed companies reported combined first half profits up 60 per cent over the same period last year, with the 13 banks accounting for the largest share.

Brokers handle over-the-counter deals, but the SET is only just starting to collect data and officials say brokers are reluctant to report these transactions.

The brokers, mainly finance and securities companies owned by banks or bank executives, control trading, which is by "board knocking." Traders indicate their current trading positions by writing on the bid and offer boards the prices at which they are willing to operate, and then by knocking the boards with the plastic ends of their felt tip pens.

Trading is paper-based, although SET officials are considering computerisation by late 1990 or early 1991. Cash clearance through the SET is on the third trading day following the date of the transaction.

The trading floor now has separate boards for shares bought and sold by foreign investors so that it is possible to see how close foreign ownership is to the permitted limits – 25 per cent for banks and between zero and 50 per cent for other companies, depending on the law and the company's articles of association. The SET will not transfer shares to foreign buyers if the limit has been reached.

A takeover and merger code is being discussed, but at present investors do not have to make public their purchases.

Shares have equal voting rights. The authorities are considering non-voting shares for foreigners where ownership exceeds the limits, but none has been issued so far. Foreign companies, funds and other legally established entities pay 20 per cent withholding tax on dividends and 25 per cent tax on capital gains. Domestic individuals pay a progressive rate running from 7 per cent to 55 per cent, depending on the individual's tax rate.

Tomorrow: profile of the Philippines markets

Peter Ungphakorn

MARKET PROFILE

Thailand

STOCK MARKET FACT CHART
THAILAND

Market capitalisation: Baht 252bn ($1 = baht 25.11, £1 = baht 43)
Number of shares listed: 117 ordinary, 4 unit trusts
Top 10 stocks, percentage of market: 52%
Trading hours: official - 9.30 am-11.30 am; no after hours
Average daily turnover, 1988: baht 745m
Main index: SET index (all shares weighted average)
Current level of index: 432.52; 1988 high: 471.45 (8/8);
1988 low: 287.71 (4/1)
Settlement: three business days after transaction

Address: 2nd floor, Sinthon Building, 132 Wireless Rd, Bangkok 10500, Thailand. Tel: (66-2) 250-0001 to 3, 250-0010 to 15.

ASIA PACIFIC

Nikkei drops as investors play uneasy waiting game

Tokyo

INVESTORS continued to be cautious in Tokyo yesterday, in anticipation of economic and political developments due this week at home and abroad, and share prices turned down, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average closed 130.24 lower at 28,079.18 in very weak volume, with only 600m shares traded compared with 1bn on Friday.

In later London trading, Japanese shares continued lower, with the ISE/Nikkei 50 index down 6.08 at 1,853.68.

Analysts in Tokyo said investors were anxiously awaiting any interest rate developments from the West German Bundesbank's meeting on Thursday, as well as US figures to be announced this week on consumer prices and second quarter gross national product.

In addition, an uneasy atmosphere surrounded the Japanese Diet (Parliament) Budget Committee, which convened again yesterday after a 10-day recess. Tougher measures to control insider trading and prevent evasions of capital gains taxes on share transactions are being demanded by opposition parties, and the Government appears to be wavering.

After rising slightly in morning trading, the Nikkei average fell steadily, dropping in the afternoon to a low of 28,000.10 before making a modest recovery towards the close. The high for the day was 28,281.54. Declines led advances by 477 to 341 and 209 issues were unchanged.

Non-ferrous metal issues were among stocks making gains, with Nippon Light Metal up Y58 at Y817.

Some heavy industry shares also rose. Fuji Heavy gained Y34 to Y828 on strong volume, and Sumitomo Heavy was the most active issue with 70.64m shares traded, adding Y28 to Y875.

Bearings companies showed increases, with NTN Toyo Bearing rising Y35 to Y770.

Among electricals, Fujitsu, which rose last week on the strength of high earnings forecasts, closed Y30 up at Y1,930. Oki Electric advanced Y40 to Y1,110 following a newspaper report that it was planning to begin mass production of four-megabit memory chips next autumn.

Casio lost Y140 to Y1,510 after two days of maximum permitted rises last week and a brief swirl of controversy over the disclosure of its development of a new computer alleged to be capable of operating without any software. The new computer is now thought to be an improved version of a calculator.

Several companies in the financial sector saw losses after reports at the weekend that many securities houses were now expecting significant reductions in profits in the year to September. Nomura lost Y90 to Y3,690 and Yamaichi dropped Y30 to Y1,830.

The bond market moved in a narrow range, with the benchmark government 105th bond closing at a yield of 5.115 per cent in large-lot trading, unchanged from last week's closing yield.

Trading in Osaka was dull, with investors staying on the sidelines. The OSE average lost 7.50 to 27,232.56.

Roundup

DOMESTIC concerns led to profit-taking in Australia, virtually wiping out early gains, and kept investors on the sidelines in Singapore and Hong Kong. However, Taiwan surged through the 8,000 barrier to another record high.

AUSTRALIA closed only slightly higher as early selective buying trickled out in a wave of pre-Budget profit-taking.

Demand focused on the transport sector amid speculation that a cut in oil excise would be announced in today's Budget.

The All Ordinaries gained 2.4 to 1,643.1 after reaching a peak of 1,644.7.

Diamond miner Ashton lost 4 cents to A$1.50 after posting a 42 per cent drop in net interim profit, while Poseidon rose 5 cents to A$2.25 following its takeover bid for Paringa Mining, which also rose 5 cents to A$1.95.

MIM Holdings, the multinational resources group, lost 3 cents to A$2.18. The company announced quadrupled annual profits of A$172.9m, up from A$39.6m, and an 11 per cent rise in sales and other revenue.

Bond Corporation rose 8 cents to A$2.20. The brewing, media and property group reported that its profits had more than trebled and revenues doubled.

SINGAPORE moved slightly lower in thin trading, following the decline in Tokyo.

The Straits Times industrial index fell for the ninth consecutive day, slipping 5.77 to 1,075.73. Turnover shrank to 32.1m shares from 40.5m, with investors unwilling to take new positions before the general election on September 3.

Promet was the most active issue on turnover of 2.3m shares.

HONG KONG was overshadowed by interest rate worries and stocks fell in quiet trading.

The Hang Seng index lost 15.61 to 2,564.14 as turnover slipped to HK$416m from HK$443m.

The decline came in spite of expectations of strong corporate results this week, including figures from Hongkong Bank and Cheung Kong.

Hongkong Bank gained 5 cents to HK$6.20 while Cheung Kong fell 10 cents to HK$7.15.

MANILA suffered a sharp setback after initial tests failed to confirm the presence of large oil reserves in the Verde offshore well. The composite index dropped 22.92, or 2.8 per cent, to end below 800 at 797.03.

TAIWAN burst through the 8,000 level, with banks, cement and construction stocks leading the way. The weighted index rose 211.99 to a record high of 8,160.89.

EUROPE

Trading sinks back into August doldrums

THE WEEK got off to a poor start in Europe yesterday, with traders chiefly divided on whether it was "very, very quiet" or "very, very dull." Interest rate worries and the continued absence of investors kept turnover to a minimum and left indices little changed, *writes Our Markets Staff.*

FRANKFURT had a featureless session as volume fell to a paltry DM1.3bn worth of shares.

With the dollar strengthening and little clear direction from Wall Street or Tokyo, attention focused on the next move from the Bundesbank, whose central council meets on Thursday. "Things are on ice until then," said one analyst.

There is growing speculation that the central bank will raise the securities repurchase rate again this week to bolster the D-Mark.

A report from the RWJ economic institute that West German gross national product would slow to between 1 per cent and 1.5 per cent next year after 2 per cent this year was seen as contributing to a weak opening on the bourse.

The FAZ index edged up 0.68 to 482.47 but the DAX real time index of 30 blue chips finished 2.79 lower at 1,167.99.

Daimler, which said it expected a 1 per cent rise in domestic car sales this year and nearly 2 per cent in exports, gained DM3.50 to DM656.50. Other cars were easier.

Deutsche Babcock, the engineering group, fell DM7 to DM176 after its 10-month interim statement on Friday when it said it expected flat profits this year.

Bonds eased in quiet trading amid concern about the D-Mark and uncertainty about interest rates.

The yield on the 6¾ per cent 1998 federal bond rose to 6.82 per cent from 6.80.

PARIS also suffered low turnover, with analysts predicting – and hoping – that activity would pick up after today's close of the monthly account. The OMF 50 index finished 1.08 easier at 352.53.

One of the few stocks to move significantly was Cie du Midi, which closed FFr33 higher at FFr1,272 after reaching FFr1,295 on its plans for a higher dividend and forecast of a 32 per cent rise in parent profit this year.

Food group BSN saw a healthy 3,685 shares traded, closing FFr30 higher at FFr5,050 after hitting FFr5,080.

Pernod, the drinks group which rose strongly last week, eased FFr19 to FFr1,110 after declining to comment on reports that it would act as a "white knight" for Irish Distillers in fending off a hostile bid from GrandMet of the UK. Last Thursday and Friday, about 200,000 Pernod shares changed hands in Paris, according to one trader.

ZURICH trading was undistinguished, with most stocks closing unchanged or slightly higher. The Crédit Suisse index rose 2.4 to 477.2.

In the absence of corporate news, volume was light. There was little evidence of last week's local demand for small insurance stocks which had followed takeover rumours, but there was some profit-taking in the sector.

One analyst pointed to "a bit of a recovery" in the banking sector following its weakness last week. Union Bank was heavily traded and its bearers gained SFr30 to SFr3,240.

London

WORRIES about interest rates and forthcoming economic data on both sides of the Atlantic pushed London lower in one of the thinnest sessions this year. The FT-SE 100 index fell 12 to 1,832.3.

International stocks Fisons, Beecham, Glaxo and ICI all recorded slight falls.

In the engineering sector, Oerlikon-Bührle lost SFr10 to SFr1,290 in strong volume, while Brown Boveri picked up SFr45 to SFr2,380 in anticipation of results from the merged group Asea Brown Boveri next week.

MILAN eased in fairly quiet trading after last week's strength, with the Comit index off 2.02 at 536.80.

The main feature was insurer Generali, up L50 at L92,950 before reaching L93,200 after hours amid interest in its September rights issue and continued foreign buying.

AMSTERDAM was discouraged by the early fall on Wall Street and finished at its day's lows in dull trading.

Uncertainty over the dollar and interest rates kept investors away. The CBS all-share index slipped 1.5 to 96.4.

Among transport stocks, Nedlloyd, which reported a disappointing operating performance last week, fell Fl 11.80 to Fl 222.20 after going ex Fl 7 dividend.

Pakhoed, the transport and storage company which has a rights issue pending, lost Fl 3.30 to Fl 82.50.

MADRID continued to feel the effects of the higher-than-expected July inflation figure of 1.3 per cent, and the general index ended 1.14 lower at 291.97.

BRUSSELS was little changed to lower after a quiet session. One of the more active stocks was utility Intercom, unchanged at BFr1,340 with 13,600 shares changing hands.

OSLO closed lower in thin trading, with the all-share index losing 3.68 to 285.76.

Saga Petroleum, Norway's largest private oil company, fell NKr2.50, or 3 per cent, to NKr75 after announcing it expected profits to fall by two-thirds this year to around NKr150m.

STOCKHOLM ended little changed in indifferent trade.

Interim reports from Atlas Copco, Electrolux and Ericsson, due this week, are expected to boost the market. Sandvik, the engineering and metals company, forecast a 32 per cent increase in 1988 profits after reporting a 37 per cent rise in six-month figures. Its share price rose SKr2 to SKr218.

SOUTH AFRICA

DIRECTIONLESS trade left stocks mixed in Johannesburg.

Among golds, Elandsrand gained 60 cents to R14.85, but Vaal Reefs lost R2 to R260 and Beatrix 25 cents to R12. Mining financial Anglo American shed 50 cents to R53.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY AUGUST 19 1988					THURSDAY AUGUST 18 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (87)	152.10	+1.7	132.49	124.33	3.62	149.57	130.56	123.31	152.10	91.16	157.19
Austria (16)	86.19	+0.0	75.08	84.81	2.45	86.17	75.21	84.85	98.18	83.72	97.01
Belgium (63)	110.62	+0.4	96.36	109.81	4.60	110.20	96.19	109.65	139.89	99.14	134.59
Canada (128)	118.86	+0.5	103.54	105.61	3.22	118.27	103.23	105.38	128.91	107.06	139.65
Denmark (39)	122.44	+0.2	106.66	120.53	2.45	122.23	106.69	120.53	132.72	111.42	119.10
Finland (26)	124.46	+0.7	108.41	116.89	1.47	123.58	107.87	115.88	139.53	106.78	–
France (129)	90.50	+0.9	78.83	91.07	3.57	89.72	78.32	90.57	99.62	72.77	109.54
West Germany (100)	73.37	–0.7	63.91	72.16	2.56	73.86	64.47	72.89	80.79	67.78	104.87
Hong Kong (46)	104.39	+0.0	90.94	104.58	4.28	104.44	91.16	104.64	111.86	84.90	139.13
Ireland (18)	133.02	+1.5	115.87	132.04	3.61	131.01	114.36	130.32	144.25	104.60	139.31
Italy (102)	72.70	+0.4	63.33	76.11	2.65	72.42	63.22	76.01	81.74	62.99	87.29
Japan (456)	165.04	+0.1	143.76	139.22	0.52	164.89	143.92	138.93	177.27	133.61	149.93
Malaysia (36)	142.44	–1.9	124.08	145.54	2.54	145.14	126.68	147.85	154.17	107.83	181.83
Mexico (13)	150.83	–0.2	131.38	376.90	1.44	151.08	131.87	377.94	180.07	90.07	313.86
Netherland (38)	103.23	+0.5	89.92	100.61	4.55	102.75	89.69	100.46	110.66	95.23	131.41
New Zealand (20)	77.60	–1.0	67.59	64.07	5.75	78.35	68.39	63.59	84.05	64.42	125.32
Norway (25)	116.02	+0.1	101.07	108.94	2.77	115.94	101.20	108.78	132.23	98.55	172.79
Singapore (26)	124.56	–1.0	108.50	116.92	2.26	125.87	109.87	118.04	135.89	97.99	168.75
South Africa (60)	116.02	+3.8	101.06	87.09	4.87	111.80	97.59	87.05	139.07	109.87	171.45
Spain (43)	145.13	–0.1	126.42	136.28	3.32	145.32	126.85	136.62	164.47	130.73	146.46
Sweden (35)	113.43	+0.1	98.81	108.85	2.62	113.37	98.96	108.88	125.50	96.92	129.77
Switzerland (55)	75.91	+0.5	66.12	74.89	2.29	75.50	65.90	74.70	86.75	75.50	109.22
United Kingdom (324)	131.27	+0.7	114.34	114.34	4.43	130.31	113.74	113.74	141.18	123.09	147.08
USA (580)	106.44	–0.2	92.72	106.44	3.73	106.71	93.14	106.71	112.47	99.19	137.02
Europe (1013)	103.92	+0.4	90.52	97.03	3.75	103.47	90.32	96.84	110.82	97.01	124.44
Pacific Basin (671)	162.11	+0.1	141.21	137.19	0.72	161.89	141.31	136.89	172.26	130.81	149.85
Euro-Pacific (1684)	138.84	+0.2	120.94	121.19	1.63	138.53	120.91	120.94	147.53	120.36	139.76
North America (708)	107.10	–0.2	93.29	106.41	3.70	107.32	93.68	106.65	113.29	99.78	137.16
Europe Ex. UK (689)	86.97	+0.2	75.76	86.26	3.14	86.83	75.79	86.35	92.99	80.27	110.41
Pacific Ex. Japan (215)	126.81	+0.8	110.46	111.74	3.84	125.79	109.80	111.27	128.27	87.51	148.84
World Ex. US (1885)	137.93	+0.3	120.15	120.44	1.71	137.57	120.08	120.18	146.49	120.26	140.21
World Ex. UK (2141)	125.23	+0.0	109.08	115.69	2.14	125.19	109.27	115.67	131.77	111.77	138.14
World Ex. So. Af. (2405)	125.81	+0.1	109.59	115.75	2.34	125.71	109.73	115.68	132.39	113.26	138.72
World Ex. Japan (2009)	106.90	+0.1	93.12	103.43	3.74	106.79	93.22	103.47	112.43	100.00	133.68
The World Index (2465)	125.75	+0.1	109.54	115.56	2.35	125.63	109.66	115.48	132.38	113.37	138.93

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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Latest prices were unavailable for this edition.